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# China Report

ECONOMIC AFFAIRS



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24 January 1984

## CHINA REPORT

### ECONOMIC AFFAIRS

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## NATIONAL POLICY AND ISSUES

### ZHANG YOUYU ADDRESSES ECONOMIC LAW SYMPOSIUM

HK191444 Beijing GUANGMING RIBAO in Chinese 8 Dec 83 p 1

[Report: "Chinese Economic Law Symposium Held in Beijing--Zhang Youyu Speaks of Creating a New Situation in the Study of Economic Law"]

[Text] The Chinese economic law symposium, sponsored by the Institute of Law of the Chinese Academy of Sciences, was held in Beijing from 2 to 7 December. During the symposium, the participants discussed the following four topics: the conception, the objects of adjustment, and the adjustment methods of the economic law of China; the relations between economic law and civil law and between economic law and administrative law; the main body of the economic legal relations; and the system of economic law with Chinese characteristics and the system of the science of economic law.

The symposium held: The study of economic law as a specific subject was started after the 3d Plenary Session of the 11th CPC Central Committee. However, our country's socialist economic law and regulations were set up in the early period of the founding of the PRC. We have made relatively great progress in the field after the third plenary session. According to statistics compiled by departments concerned, more than 200 economic laws and regulations were worked out after 1979. This brought about a tremendous change in the economic field where "rule by law was absent in the past." Nevertheless, these laws and regulations, which cannot be regarded as perfect, still need further improvement. Therefore, it is one of the tasks of our economic law researchers at present to strengthen the study of the actual economic relations in our country, to find out how the system works, and to be good consultants to the legislative and judicial work in the economic field.

The participants had a lively discussion on whether economic law is an independent legal sector, on the relationship between economic law and civil law, on the relationship between economic law and administrative law, and on other questions. During the discussion, they found differences between their viewpoints and tried to seek a common understanding.

Zhang Youyu, vice chairman of the Law Committee of the NPC and chairman of the Chinese Society of Law, attended the symposium and gave a speech. He talked of creating a new situation in the study of economic law. He said: First, it is necessary to study Marxism-Leninism-Mao Zedong Thought and to carry out the study

of economic law under the guidance of Marxism-Leninism-Mao Zedong Thought. We are not entitled to ignore the study of economic law, claiming that the teachers of proletarian revolution never mentioned economic law. On the other hand, we cannot go off into wild flights of fancy either, forsaking the guidance of Marxism. Second, it is necessary to adhere to the spirit of the new constitution in the study of economic law. Third, we must always try our best to integrate theory with practice in our studies of economic law. Chinese laws must reflect the reality in China and be helpful to solving the problems of China.

Present at the symposium were more than 120 people. Most of them were scholars engaged in the teaching and the theoretical study of economic law. Some scholar specialized in civil law and administrative law who are currently engaged in the theoretical study of economic law, also attended the symposium. The symposium received 40 theses.

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## NATIONAL POLICY AND ISSUES

### NPC STANDING COMMITTEE APPROVES STATISTICS LAW

OW100004 Beijing XINHUA Domestic Service in Chinese 1441 GMT 8 Dec 83

[Text] Beijing, 8 Dec (XINHUA)--The third meeting of the Sixth NPC Standing Committee approved the "Statistics Law of the People's Republic of China" today and decided that the law will go into effect as of 1 January 1984.

The "Statistics Law" stipulates that the basic task of statistics work is to conduct statistical surveys and analyses of the national economy and social development, provide statistical information and exercise statistics supervision. The purpose of the law is to help organize statistics work effectively and scientifically, guarantee its accuracy and timeliness, develop the important role of statistics in understanding the national situation and strength and guiding national economic and social development, and promote the successful development of socialist modernization.

The "Statistics Law" has clear and specific stipulations for the general task of statistics work, the obligations, rights and duties of departments concerned, the statistical survey plan, the statistical system, statistical organizations and legal responsibility.

The "Statistics Law" stipulates that the state will establish a centralized statistics system and assume unified leadership over statistics work, while units at various levels will assume responsibility for statistics work at their respective levels. The State Council establishes the State Statistics Bureau, which is responsible for organizing and coordinating statistics work in the whole country. Local governments at and above county level are to establish independent statistics organizations and township governments are to assign full-time or part-time statisticians.

Various departments of the State Council and local governments at various levels, enterprises and business organizations are to set up statistics units in accordance with need or assign statisticians. Statistics organizations and statisticians will independently conduct statistical surveys, make statistical reports and exercise statistical supervision in accordance with the law, and their duties must not be hindered.

The leading persons of various local governments, departments and units will lead and supervise implementation of the "Statistics Law" and the statistics system by statistics organizations and statisticians, but they must not alter the statistics obtained by statistics organizations and statisticians in accordance with the "Statistics Law" and the statistics system. If they discover mistakes in calculations or sources from the data, they should ask statistics organizations or statisticians to make the necessary corrections.

The "Statistics Law" stipulates that government organs, mass organizations, enterprises and self-employed individuals, foreign firms in China and joint ventures using Chinese and foreign capital must report statistics to departments concerned in accordance with the "Statistics Law" and other state regulations. Falsification, hiding facts, refusal, delay, fabrication and misrepresentation are not allowed.

It stipulates that mass self-government organizations at the grassroots level and citizens have an obligation to provide the necessary information for state statistics surveys. It stipulates that various departments have the right to refuse to give information on survey forms which are printed in violation of the "Statistics Law" or other state regulations.

The "Statistics Law" also stipulates legal responsibility for those concerned. Administrative punishments will be applied to leading persons of departments concerned or persons who are directly responsible for statistics work if one of the following cases occurs and the situation is relatively serious: 1. Making false reports or hiding facts in reports for statistics surveys; 2. Fabricating or altering statistics; 3. Refusing to report or repeatedly delaying reports for statistics surveys; 4. Obstructing statistics organizations and statisticians from doing their duties in accordance with the "Statistics Law"; 5. Printing and distributing statistics survey forms without authorization; 6. Publicly releasing data without final examination and approval by departments concerned; and 7. Violating the stipulations of the "Statistics Law" on maintaining secrecy. If self-employed individuals violate cases one, two or three, the industry-commerce administrative departments may suspend their operations for a temporary period or revoke their business license with the approval of the people's government at the county level. People receiving punishments may appeal their cases to the people's court within 15 days after receiving notice of punishment. Those who violate the "Statistics Law" and constitute criminal offenses will be handled by judicial departments for their criminal responsibility.

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## NATIONAL POLICY AND ISSUES

### SUN YEFANG'S THINKING ON STATISTICAL SYSTEM

HK160839 Beijing RENMIN RIBAO in Chinese 12 Dec 83 p 5

[Article by Huang Hai [7806 3189]: "Sun Yefang's Thinking on Statistics and Reforms to China's Statistical System"]

[Text] Comrade Sun Yefang was a famous Chinese statistician who carried out useful research into, and worked very hard toward establishing and perfecting socialist statistical work in China. Like his economic thinking, his thinking on statistics always maintained an integration of the principles of Marxism and the actual situation in China and he had many valuable opinions worth our attention.

#### Statistical Work Should Research and Utilize the Law of Value

In 1956, Comrade Sun Yefang wrote "Base Planning and Statistics on the Law of Value." He criticized the fact that China's statistical indexes tended to favor illustration of material quantity and ignored value, while they also tended to illustrate production results, but failed to analyze the content of the results and failed even more to analyze how to improve labor productivity by calculating the social average quantity of labor required, and by doing so, achieve increases in material wealth.

He said that the duty and aim of developing the socialist national economy was to satisfy to the greatest extent possible the demands of society and that one way of achieving this aim was to increase labor productivity. In order to constantly increase labor productivity it was necessary to respect the law of value. Statistics tended to concentrate on indexes of material quantity and did not pay much attention to indexes of value. This was very one-sided. In order to promote increases in labor productivity it was necessary for statistics to take more notice of value and at the same time to pay more attention to calculations on labor consumption.

He pointed out that statisticians should not restrict their work merely to investigations of the implementation of national economic planning, but that they should make more effort researching and making use of the law of value, and exploiting the potential for developing the national economy. Statistical work

should be concerned not only with statistics related to production levels, such as statistics relating to material wealth, but should also pay a great deal more attention to statistics relating to the value of material production. It should also pay much greater attention than it did at that time to statistical and analytical research of production costs and labor productivity. Furthermore, it should pay greater attention to drawing up balance charts for the national economy and statistics relating to, and analytical research into, the national revenue, and it should also pay more attention to analytical research of the proportional relations between the national revenue and the financial revenue, and the proportional relations between production and accumulation and consumption. Only in this way could statistics serve planning work and enterprise management more fruitfully and only on this way could the role of planning and statistics be exploited more fully. This is an important question which every statistician needed to examine and research in his or her work.

The core of Comrade Sun Yefang's thinking on statistics was to stress increased statistical surveillance of economic results. This was entirely in keeping with the strategic targets outlined at the 12th party congress and all economic principles which focus on improving economic results. Today the National Statistics Bureau is working very hard to reform and perfect the system of national economic statistics indexes so as to conform with the strategic aims of the 12th party congress and the demands to refocus economic work onto improving economic results. This represents an important task for statistical reform in China.

#### Accurate Use of the Indexes of "Gross Production Value" and "Net Production Value" and "Net Production Value"

From the 1950's until today there have been varying opinions on the wisdom of using 'gross production value' and 'net production value' to reflect the speed of development of, and proportional relations in, the national economy and to assess the successes of enterprises production. In his work "A Discussion of 'Gross Production Value,'" Sun Yefang said that "gross production value" in one enterprise meant that the value of the products included the value of material consumption and in reality there is no duplication. Within the sphere of the entire national economy, calculations of "gross production value" involved duplication. The major drawback to the index of "gross production value" lay in its inability to meet the demands of enterprise management and production. The reason for this was that "gross production value" included both newly increased value and transferred value. As far as evaluating the successes of enterprise production were concerned, the important thing was not increases in transferred value nor the amount of raw materials used, but the amount of newly created value. So-called developed production did not imply increases to transferred value but increases to newly created value. Comrade Sun Yefang referred to several samples and said that to use "gross production value" to evaluate the successes of enterprise production meant that it was easy to conceal cases of increased production but that it reduced returns, and this hindered the development of new products and did not encourage the

producer to economize on raw materials and use cheap raw materials instead of high-priced goods. The use of "gross production value" as an index to evaluate enterprise production management did not encourage enterprises to produce light and handy, easy-to-use, and cheap products, but only encouraged them to produce expensive and costly products. In light of this situation Comrade Sun Yefang believed that reforms should be carried out in planning and statistical methods. His basic principles were: 1) that the basic indexes of planning and statistics should encourage and promote enterprise management and not hinder it. 2) that planning and statistical indexes should be unified with accounting and the financial affairs of enterprise management and that on no account should these two areas be allowed to restrict each other. 3) that planning and statistical indexes should not merely reflect material quantity, or use value, but should give equal weight to calculations of labor consumption or value. In grassroots enterprises even greater emphasis should be put on the latter. 4) that the central indexes of planning and statistics should represent a central link in enterprise management and that by coming to grips with them other indexes would also be brought into play.

Comrade Sun Yefang believed that the continued use of national revenue indexes in China's planning and statistical work, which deducted all material consumption including depreciation, and which did not have any repetitive calculations, was an index which reflected the magnitude of the value of social material wealth and the level of social economic development. The so-called "GNP index" used in the Western world is a deceptive index which includes repetitive calculations. We should preserve the accuracy of the national revenue index and not confuse the matter by introducing things related to nonmaterial production.

There has been long-term misuse of the "gross production value" index in planning management and enterprise management in China to assess the successes of production management. There also has been one-sided striving for gross production value and a tendency to ignore the importance of increasing product quality and reducing material consumption, and a tendency to ignore the marketability of products--all of these have caused great losses and damage. We should firmly reform the method of using "gross production value" to assess production management achievements in enterprises, sectors, and regions. The "gross production value" index is limited only to calculations by statistical organizations of the production indexes of all production departments and total social turnover. We should eliminate the practice in which enterprises calculate gross production value on the basis of unchanging prices. At the same time, we should increase net production value statistics, or otherwise the above-mentioned problems may continue.

Now the State Council has approved the use of the national revenue as a comprehensive index for assessing economic development and, on the basis of the demands and requirements of relevant sectors and departments, we should work hard on national revenue planning and statistics.

Make Profits the Central Index for Planning and Statistics [as printed]

Comrade Sun Yefang figuratively compared using material indexes to lifting the foot of an ox. Even with great effort it is difficult to get the ox to move forward. However, the use of value indexes is like leading an ox by the nose,

and with little effort one can make the ox move forward. Under conditions characterized by specific production direction, specific relations of coordination, strict implementation of supply, production and marketing contracts, and mutually suited prices and value, the amount of profits can be a comprehensive index which reflects the general state of management, administration, and technology in an enterprise, and it is also the central index which should be used in planning and statistics. Comrade Sun Yefang believed that during production the material consumption (C) and the wages of the workers of an enterprise (V) together represent the production costs and both should be reduced as much as possible. Only in this can profits (m) (or products created for "social labor") be increased. In order to further develop the productive forces, society must expand reproduction and must increase accumulation and accumulation originates from M. It is also necessary to increase the number of people working in such service industries as sciences, culture, education, hygiene, and so on, and the source of the means of subsistence for these additional people is also M. Thus, no matter whether we are talking about the total products of all of society or the total products of one individual enterprise, the lower the production costs (c plus v), the better. The lower the production cost, the greater the profit (m). Thus we should rightfully and justifiably adopt and use socialist profit.

If we take profits as the central index for planning and statistics, this does not mean that all other indexes are eradicated, such as production volume and product quality (although indexes such as product production volume should be managed in a gradual way). Not only does the use of the central index not hinder the use of other indexes, it actually will inevitably encourage the continued use of these other indexes.

#### Pay Attention to Accounting of Fixed Assets, Increase Analysis of Investment Results

Comrade Sun Yefang said there was a great deal of confusion about enterprises' evaluations of fixed assets. As a result, there was no way to carry out accurate accounting of production costs. This problem can be solved by taking inventory of fixed assets and reevaluating them. But what is more worth taking note of is the advocacy not to calculate fund profits, for this inevitably means that calculation and analysis of newly increased fixed assets and investment results is ignored.

In order to carry out an economic comparison of the various sectors of the national economy and a comparison of various factors within each sector, and to accurately reflect investment results, promote economization on investments and savings on funds, and thereby promote proportional development of the entire national economy, Comrade Sun Yefang proposed the adoption of the fund profit ratio and price value. In this way basic economic comparisons of the investment results of each sector and each enterprise could be achieved. The reason for this was that the comprehensive index for assessing investment results--namely, investment return deadlines--are reciprocal to the fund profit ratio.



In order to accurately calculate production costs, depreciation should include both visible and invisible wear and tear. At the beginning of manufacture, every kind of machinery has a fairly high cost, and this cost is gradually reduced. Furthermore, when a new machine which does the same job as an old one is invented and manufactured, the price of the first machine inevitably goes down. And in some cases, if it is really outdated (because of low productivity and high consumption) it is scrapped altogether. Because of the above, the value of a machine will depreciate even before it has become completely worn out in material terms. When one calculates depreciation it is not viable to not take into account invisible wear and tear and in practice it can actually be harmful since this mainly hinders machinery renovation and technological development. Thus Comrade Sun Yefang believed that these two kinds of value consumption, which occur as a result of technological development, should definitely be seen as socially necessary labor consumption and so included in production costs.

On this basis Comrade Sun Yefang said that when we analyze the investment results of fixed assets, the books must be balanced and enterprise equipment should either be reckoned according to their original form or after renovation, or reckoned as scrap metal. Not only must we calculate whether or not there has been any economization on real labor, we must also calculate whether or not there has been any economization on material labor. If this is not done, such tendencies as "imitation antiques" will occur (as a result of repairs based on the principles of "not increasing value" and "not changing the shape") and "loving the new and loathing the old" (as a result of striving for new development and ignoring repairs and adaptations). Thus by starting out from an appreciation of human, material, and financial resources, we will tend towards wasting human, material, and financial resources.

#### Establish and Strengthen Statistical Work To Balance the National Economy

In 1956, Comrade Sun Yefang said that only by strengthening statistical work to balance the national economy can we discover in a comprehensive and far-reaching way the problems or imbalances in national economic development and thus help the party leadership to accurately guide the development of the national economy.

Statistical work to balance the national economy has as its aim the drafting of a series of balance charts which may comprehensively and systematically reflect the overall process of social expanded reproduction and the general appearance of the national economy. Another of its aims is to comprehensively research various major proportional relations within national economic development. There are four main relations: 1) the proportional relations between production, consumption, and accumulation. 2) The proportional relations between the various sectors of the national economy. 3) Various specific proportional relations within industrial and agricultural production sectors. 4) The proportional relations between different regions.

When researching a comprehensive balance of the national economy and analyzing the process of reproduction or the process of realization, it is vital that we research the proportional relations of  $v$  plus  $m$  in category one (the production of the means of production) and the proportional relations of  $c$  in category two (the production of consumer products). As Lenin said, even when we arrive at the communist society, political economics will still be researching and studying

the relations of category one (v plus m) and category two (c), and the relations of accumulation and consumption. The aim of such research is to come to grips with the investment proportions of these two major categories, to observe the speed of development, calculate how many consumer products can be provided for people's consumption every year, and how much means of production can be provided for expanded reproduction.

In studying and researching the question of a comprehensive balance to the national economy, we must first collect a large amount of data and material and, on the basis of assessing the experiences of socialist construction, analyze the long-term changes which influence these proportions and various factors. Second, we must concentrate on research into quantitative relations and by means of concrete calculations we must probe and seek the best proportions for achieving the greatest economic results.

#### Establish a Strong and Effective Statistical System

Comrade Sun Yefang believed that China was not only greatly lacking in statisticians when compared to the number in economically advanced countries, but also when compared with developing countries. The figures were too small to permit full exploitation of the statistical forces that were required, especially in view of the enormous [word indistinct] of waste on the economic front as a result of lack of understanding, lack of accounting, and lack of surveillance. In many organs and enterprises there was serious overstaffing but there was still a major contradiction within the statistics field in view of the small numbers of statisticians and the enormity of their tasks. He felt that the statistical system throughout the country should be organized as quickly as possible and there should be more development of training programs for statisticians. He also proposed that statistical organizations should be constitutionally designated as organs of inspection and surveillance.

#### Reforms to the Statistical System and Perfections to Regulations Relating to Statistics

Comrade Sun Yefang advocated and reaffirmed the principle cited in 1962 by the party Central Committee and the State Council concerning the speedy establishment of a centralized and unified statistical system and the strengthening of centralized and unified leadership in statistical work. He went on to further clarify the independence that statistical work should have. He felt that China's statistical bodies should implement a system of vertical leadership and in terms of work, personnel, and funds there should be unified management, so that there could be guarantees that all levels of statistical bodies would have the authority to directly illustrate and reflect the reality of the situation to the party and state without suffering intervention. He also proposed the drawing up of China's own "statistical regulations" to be ratified for implementation by the Standing Committee of the National People's Congress so that they would be respected and adhered to by all the people of China.

## ECONOMIC PLANNING

### LARGE-SCALE PLANS DRAWN UP FOR SHENZHEN SEZ

OW180738 Beijing XINHUA in English 0719 GMT 18 Dec 83

[Text] Shenzhen, 18 December (XINHUA)--Development of the Shenzhen Special Economic Zone will be speeded to provide better conditions for foreign investors, according to Liang Xiang, mayor of Shenzhen.

Liang told a municipal conference that more investment would be pumped into capital construction and projects in communications, energy and telecommunications.

The city has already invested 1.75 billion yuan (about 880 million U.S. dollars) in capital construction.

Of the 59 high-rise buildings to be built in the city's Luohu District, 11 have been completed and 14 more have entered the final stages of construction. It is expected that Luohu will be a modern city district with financial and insurance service centers, hotels, commercial buildings, supermarkets and luxury apartment buildings by the end of 1985, he said.

Efforts will also be made to speed construction of Shenzhens Shangbu and Bagualing industrial areas, Liang said. Shangbu's first five buildings for light industrial workshops have been put into operation, and eight more will be completed by the end of the year. Forty buildings for workshops have been planned for Bagualing. Work on 20 of them started this year, while the remainder are scheduled for completion by the end of 1984, he added.

Work on basic infrastructure facilities has been completed at the Shekou, Shahe and Shangbu industrial areas and the Luohu financial and commercial center. Work has also begun on several joint ventures and foreign enterprises, Liang said. A number of factories including foodstuffs, pharmaceuticals and light building materials' plants are expected to rise at the Bagualing and Wenjindu industrial areas.

The special economic zone plans to build a 250,000-kilowatt power plant with funds from Hong Kong and overseas. Shenzhen will also be linked to the 1.2 million-kilowatt Shajiao Power Plant in Dongguan County to ensure ample power supplies

The number of telephones in Shenzhen will rise from the present 5,000 to 38,000 by the end of 1984, a boost which will basically meet local needs, Liang said.

Fifty-one trunk roads in the city have been built or expanded and plans for several overpasses are being drawn up.

Several road bridges leading to Hong Kong will also be completed soon, he added.

Liang said planning is now underway on an international airport, a deep-water harbour, a wharf for container ships, and express highways to make the special economic zone more easily accessible.

CSO: 4020/051



## ECONOMIC PLANNING

### HEBEI CONFERENCE DISCUSSES 1984 ECONOMIC PLANS

HK230446 Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 21 Dec 83

[Text] The provincial planning conference which closed the day before yesterday started by correcting the ideological line, broke away the usual practice of increasing investment and the number of projects in the past planning conferences, conscientiously studied the spirit of the national planning conference, actively analyzed the province's advantages, and sought breakthrough points for enlivening the economy. The conference proceeded from reality in deciding on the province's 1984 plan for the national economy. All participants said that the conference scored good results, and embodied the spirit of reform. Through participation in the conference, they shook off ideological shackles, emancipated their mind, broadened their view, and widened their thinking. They have full confidence in fulfilling all projects in the 1984 plan.

The provincial planning conference was held from 13 to 20 December. It was rather successful. Its principal experiences were: First, the leadership attached great importance to it and achieved quick results. This planning conference was held under the direct leadership of the provincial CPC committee and the provincial government. The Standing Committee of the provincial CPC committee listened before and during the conference to reports on the spirit of the national planning conference, arrangements for the province's national economy and social development in 1984, the manner in which the conference was held, and proceedings at the conference. It studied and decided the guiding ideology and principal task of planning for next year. Principal leading comrades of the provincial government, such as Zhang Shuguang, Li Feng, and Guo Zhi, presided over and led the conference. They listened to reports on the situation of discussion among the prefectures and cities. At the preparatory conference, Comrade Zhang Shuguang made a speech entitled: "Emancipate Our Mind, Broaden Our View, and Widen Our Thinking." He gave the conference a clear guiding ideology, which played a vital role in unifying the understanding of all participants and in scoring good results in this conference.

On the 19th, Comrade Zhang Shuguang made a summing-up report at the conference. He further pointed out the guiding ideology, some major tasks, and preparatory measures for fulfilling the targets in 1984. These inspired the enthusiasm of all participants, and heightened their confidence in creating a new situation in the province's economic work next year.

Second, we have to extricate ourselves from the subjectivist practice of increasing investment and the number of projects. We have to proceed from reality, analyze our own advantages, and carry out the practice of breaking through at focal points. At the preparatory conference, Comrade Zhang Shuguang pointed out: In order to fulfill the 1984 targets, all participating comrades have to free themselves from the fetters of the force of habit, and concentrate their efforts on analyzing and studying the province's advantages. They have to seek the focal points and the breakthrough points in work next year, spend more efforts in studying ways of increasing, saving, and utilization of funds, and stop the practice of increasing investment and the number of projects, which prevailed at past planning conferences. When we work out plans, we have to study both production and circulation, and the building of both material civilization and spiritual civilization. We have to act in the spirit of the national planning conference, and study and understand the instructions of the central authorities. Furthermore, we have to study our actual condition, and integrate the instructions from the upper level with our actual conditions, so that we can put forward specific measures and conscientiously implement the instructions.

Many representatives of prefectures and cities joined the conference with the aim of asking for additional projects, investment, and material resources. After study and discussion, they did not do so. Comrades of some prefectures and cities said that we should show understanding for the difficulties of the state, and help the state to get over them. When we develop production, we should concentrate on tapping potentials, transforming the existing enterprises, and making technological progress. Since the conference closely linked with reality and conscientiously acted in the spirit of the national planning conference, all participants were very clear about the province's as well as various prefectures' and cities tasks, focal points of work, and breakthrough points for next year. They quickly fixed the plans for next year.

Third, the focal point which the conference had to find was very clear. Ours is an agricultural province. We must first make agriculture go ahead, to make the rural areas attain prosperity more quickly, and play a promoting role. In agriculture, we must actively promote a diversified economy and develop specialized production under the prerequisite of ensuring steady growth in grain production. All localities must establish bases for various kinds of commodity production in accordance with the province's unified plan and their own strong points. They must spend much effort in developing farming and breeding trades, agricultural and sideline product processing, and the building material industry. They must fully mobilize the initiative of all counties in developing commodity production, extricate themselves from the fetters of the self-sufficient and semi-self-sufficient natural economy, and spend much effort on developing commodity economy. They should take the road of comprehensively running the processing industry, and agriculture, industry, and commerce. Industry and commerce must vigorously support agriculture. They should do well in production and supply of agricultural-use materials before farm production, as well as the purchase and selling of agricultural and sideline products after farm production. Planning committees and management and administrative departments of all prefectures, cities, and counties must give necessary guidance and support to the development of rural commodity economy in the field of economic facilities, production technology, supply of goods and materials, transportation, sale to the state, storage, and so on.

In industry, we must accelerate the development of the coal, metallurgical, and building materials industries, as well as industries which serve agriculture, the focal point of development is light industry. When we develop industry, we must firmly grasp the work of improving economic results and turning losses to profits. Regarding medium and small enterprises, particularly collective enterprises, we must really solve problems in carrying out the system of assuming responsibility for one's profits and losses. We must emancipate our mind, and extricate ourselves from leftist thinking when dealing with collective enterprises. We must manage the collective enterprises by adopting measures which suit the characteristics of collective economy. We must develop small towns, and support the peasants in running industry, commerce, service, and repair trades in small towns. They can engage in these trades either collectively or individually. In industrial production, we must engage in producing products which are needed by the people throughout the province, and which [words indistinct] involve various sectors, have supply of raw material and markets, yield quick results with small investment, and produce good economic results. Production must be geared to the needs of the national and provincial markets, as well as the needs of the villages.

In order to develop commodity economy, we must enliven the circulation sector. We must open up channels, keep the key links clear, solve problems and enliven the economy. All departments and trades in the province must make appropriate adaptations in system and method. They should proceed bit by bit from small to large, from few to many, and from the easy to the difficult, should gradually make improvements and develop work in depth, so that the circulation of commodities will be easy and smooth.

The conference relayed the spirit of the national planning conference, and listened to an explanation on arranging the 1984 plan given by the provincial planning committee as well as views on grasping the industrial and communications production next year from the provincial economics committee. It also listened to a report on projections for fulfilling the 1983 revenue and expenditure plan and estimates of financial work in 1984 given by the provincial financial department, and views on arranging credits and circulation of currency from the provincial people's bank. The participating comrades conscientiously discussed these.

CSO: 4006/197

## ECONOMIC PLANNING

### VICE GOVERNOR DISCUSSES FOREIGN ECONOMIC TIES

HK220220 Beijing CHINA DAILY in English 22 Dec 83 p 1

[Article "by our staff reporter" Liu Dizhong]

[Text] Ghengdu, Sichuan--Sichuan, China's most populous province, situated in the southwestern part of the country is seeking closer business and technical cooperation with foreign companies to boost its economy.

Contracts for some 100 cooperative projects are expected to be signed in 1984 to produce machinery, electronics, trucks, cement, textiles, leather, silk and medicines. The foreign investment will amount to \$60 million.

In an exclusive interview, the province's vice-governor, Jiang Minkun, told CHINA DAILY that joint ventures, technical imports and compensatory trade deals will be the main forms for cooperation with firms in Japan, Federal Germany, Romania, Italy, Yugoslavia and the United States.

This year, the province was involved in 85 cooperative projects worth more than \$50 million. They are aimed at gradually upgrading the province's 40,000 industrial enterprises, particularly the medium-sized and the small, Jiang said.

More than 3,000 key items of equipment were imported in the last 4 years, greatly improving the quality of some of the province's industrial products.

#### New Products

New products like motorized bicycles, washing machines and refrigerators were up to top state standards. One factory built with Japanese equipment earned \$1 million this year from exports to Japan of magnetic tape-recorder heads. It can produce 5 million heads a year.

The vice-governor said the province has established trade relations with more than 70 countries. This year, more than 700 export items are being sold, 12 times more than in 1949.

Provincial purchases of goods for export reached 1.2 billion yuan this year, of which 30 percent were agricultural products, 48 percent light industrial products and 22 percent minerals.

Jiang listed the favourable conditions for the province to further develop economic and technical cooperation with foreign countries as follows:

Sichuan is rich in natural resources. Of 78 proven mineral deposits in the province, 28 may rank among the largest in China, including natural gas, iron and marble.

The province is one of the nation's industrial bases with a large core of scientists and technicians.

With a population of more than 100 million, the province is the country's biggest market.

Efforts will be redoubled to improve transport in Sichuan, the main obstacle to rapid economic development, Jiang said. Plans have been worked out to quadruple the present freight volume before 1991. They include: electrifying the province's five main railway lines during the seventh 5-year plan period (1985-90); expanding water navigation to 20,000 kilometers from the present 17,000 kilometers; and building or expanding a dozen new airports.

CSO: 4020/051



## ECONOMIC PLANNING

### ZHEJIANG FORMULATES 1984 ECONOMIC WORK PLAN

OW301830 Hangzhou Zhejiang Provincial Service in Mandarin 1030 GMT 26 Dec 83

[Text] Zhejiang's 1984 economic work plan has been formulated. It requires us to continue to implement the policy of readjusting, restructuring, consolidating, and improving the national economy in order to further balance the relationship between the various sectors and, on the premise of continuing to raise economic efficiency, maintaining a sustained increase in industrial and agricultural production.

This year Zhejiang's production and construction have continued to develop in the course of readjustment. The economic situation as a whole is excellent. In order to resolutely implement the guidelines and tasks for economic construction in Zhejiang formulated by the seventh provincial party congress and create a new situation in the province's economic construction, the provincial economic planning commission on 26 December put forth an outline of the 1984 economic work plan at the provincial planning conference.

The targets for construction in Zhejiang in the coming new year are: Combine speed with efficiency so that people's income, financial revenues, and gross industrial and agricultural output value can increase simultaneously; strive for a bumper agricultural harvest with the province's per capita grain output above 800 jin; pay special attention to developing diversified economy and production with great potentials such as forestry, animal husbandry, aquiculture, mixed feeds, and food processing; promote technical transformation of the existing enterprises, giving special emphasis to projects that will improve product quality, conserve energy and raw and semi-finished materials, update basic equipment and spare parts, and develop new packing materials; vigorously popularize the application of microcomputers; ensure the construction of key projects, with 9 of the 33 to be completed or partially completed for production or operation; do a good job in planning the training of scientific and technical personnel, achieve new progress in scientific and technical research projects concerning breeding of new strains, energy conservation, and development of new materials; enroll at least 3,000 new students in colleges, universities, and secondary specialized schools; and improve the people's material and cultural life while developing production and controlling the population growth.

There are many favorable conditions as well as difficult problems for economic construction next year. In line with the requirement of the new situation, the provincial economic planning commission urged the broad masses of cadres and workers on the economic front to shift the focus of all economic work to raising economic efficiency, to foster the view of a large-scale socialist economy, and to pay attention to technical advances, development of intellectual resources, and market information, and to coordinate development of the economy, science and technology, and social undertakings.

## ECONOMIC PLANNING

### SHANDONG 1984 ECONOMIC WORK PLAN MAPPED OUT

SK280520 Jinan Shandong Provincial Service in Mandarin 2300 GMT 27 Dec 83

[Text] From 18 to 27 December, the provincial people's government held a meeting at Nanjiao Guesthouse, Jinan, to make all-round plans for the economic works and tasks for 1984.

Deputy Governors Ma Shizhong and Liu Peng separately gave reports on 1984 economic and social development and industrial, transport, financial, and trade work. Liang Buting, secretary of the provincial CPC committee and governor, made an important speech at the meeting.

Li Zhen, deputy secretary of the provincial CPC committee and deputy governor, made a speech at the meeting.

The meeting pointed out: The year 1984 is an important year for implementing the Sixth 5-Year Plan. Within this year, we should continue implementing the principle of readjusting, restructuring, consolidating, and improving; implement the principle for taking the whole situation into account, stressing on economic results, making improvement, and making contributions, concentrate energy on ensuring key production and construction; comprehensively raise economic results; and promote sustained and steady development of the economy. In accordance with this general guiding ideology, the meeting comprehensively made arrangements for the 1984 work of agriculture, industry, transport, finance, banking, domestic and foreign trade, and investments in fixed assets.

In order to further create a new situation in economic work and upgrade the quality of the entire economic work, the meeting urged governments and economic departments at all levels to attend to the study of new situations and new problems emerging from the good and great situation, to strengthen agriculture, to firmly attend to grain production, to correctly direct the production of cash crops in line with the state plan and the changes of domestic and foreign markets, to strive to solve the situation in which the development of industry, commerce, and transport, transportation, science, technology, education, and culture does not suit the development of agriculture, and to gradually establish a new, balanced relationship which can properly promote the development of agricultural modernization and commercialization.

Industrial departments should focus on raising economic results, continue grasping enterprise consolidation, make efforts to upgrade the quality of enterprises, reduce consumption and cost, and strive to produce various new industrial products with good qualities to suit market needs, to produce inexpensive good products, and to ceaselessly increase the competitiveness among domestic and foreign markets. We must regard the opening up of channels for commodity circulation as the crucial point of enlivening our province's economy, bring into full play the key functions of state commercial enterprises, vigorously send industrial products to rural areas, try every means possible to open up markets for industrial and agricultural products, and further promote the development of industrial production and agricultural commodities. Strict efforts must be made to control the scale of investments in fixed assets, to concentrate financial power and material forces on ensuring the construction of key projects, and especially to achieve the construction of energy and transport projects. We should strictly control the increase of expense funds so that the state can concentrate essential funds on the four modernizations.

The meeting stressed: We must insist on the principle of a dominant planned economy supplemented by market regulation and persist in the seriousness of the plan. All commendatory plans in the fields of production and circulation, including allocation and transferring of material resources, must resolutely implement state plans but must not carry them out in a discounted way so as to ensure the stability of the entire economy and to carry forward the superiority of the socialist economic system.

CSO: 4006/197



## ECONOMIC PLANNING

### RENMIN RIBAO ON ECONOMY IN MINORITY AREAS

OW280916 Beijing XINHUA in English 0728 GMT 28 Dec 83

[Text] Beijing, 28 December (XINHUA)--All China's developed areas must bear responsibility for helping minority areas expand their economies, today's PEOPLE'S DAILY states in an editorial hailing a recent national conference on minority nationalities.

China will shift the focus of its economic construction from the eastern coastal areas to the northwest and southwest, areas inhabited mainly by minority peoples, by the turn of the century, the daily says, making economic development there an urgent task of the day.

The PEOPLE'S DAILY notes that the party central committee and the state council have always paid special attention to the development of the minority areas. China allocated over 77 billion yuan (about 39 billion U.S. dollars) for fundamental construction in minority areas between 1950 and 1982.

The help rendered by the state and other parts of the country has played an important role in advancing the economies of the minority areas, but, the paper points out, the expansion fundamentally relies on the efforts of the minorities themselves.

Advancing commodity production by developing a diversified economy, improving transportation facilities and spreading cultural and scientific knowledge are among the major tasks the paper suggests for minority areas. Special policies and measures that fit the local conditions are needed and "most important for the areas to speed up their economic development," the paper says.

With the development of their local economies, the minorities' living standards will continue to improve, the paper adds.

CSO: 4020/051

## ECONOMIC PLANNING

### XIZANG GOVERNMENT OFFICIAL VIEWS ECONOMIC TASKS FOR 1984

HK030508 Lhasa Xizang Regional Service in Mandarin 1130 GMT 1 Jan 84

[Text] Interviewed by a station reporter on New Year's Eve, Comrade Duojuicairang, member of the Standing Committee of the regional CPC committee and vice chairman of the regional people's government, on behalf of the regional people's government, talked of some important problems in the region's national economy in 1984.

First, Comrade Duojuicairang, on behalf of the regional CPC committee and the regional people's government, expressed new year's greetings to the people of various nationalities of the region and wished them new successes in the new year.

When he talked of the guiding ideology on our region's planning for the national economy and the financial budget, Comrade Duojuicairang said: The guiding ideology on our region's planning for the national economy and the financial budget can be summarized into 16 characters--take reality into consideration, act according to capability, practice unified arrangement, and attach importance to key points. Xizang is situated in the border area and at present is still a poor and backward region of minority nationalities. This is a reality we will face for a long time to come. No matter what we do, we should think of the three words--scarcity, border, and poverty.

In planning next year's work, we should not only think first of these three words, but we should also face the realities, that is, after 2 years of consecutive disasters, our region has been afflicted with especially severe natural calamities this year and production and the livelihood of the people are confronted with great difficulties. Admitting this, we should regard the problem of providing food to the people as the primary task.

Acting according to our capability is the starting point in our arrangements for production. Carrying out construction requires manpower, financial resources, materials, and transportation capacity. This is basic common sense. At present, the gravest problem is transportation capacity. Without materials being transported into our region, construction has to be suspended, pending the supply of materials. All of us approve of taking economic results as the core, and we should also approve of the principle of acting according to one's capability. Therefore, it is necessary to place the matter of unified arrangements and attaching importance to key points into your hands.

Unified arrangement and planning means to handle well the relationship between long-term interests and immediate interests and between overall needs and local needs in the arrangement of the various items. Also, the relationship between needs and possibility should be taken into account. Items which are in the nature of overall and long-term interests for the development of the economy and which are possible of attainment, should be arranged with the utmost effort.

What are the key points to be given preference? As far as nonproductive and productive items are concerned, preference should be given to productive item. As far as productive items are concerned, preference should be given to agriculture and animal husbandry, energy resources, and communications.

When he talked of the problems pertinent to the fulfillment of the economic plan for 1984, Comrade Duojicairang said: Regarding this, I wish to stress four points:

1. In order to do a good job in agriculture and animal husbandry, we must be resolved to improve the conditions in production as soon as possible. The serious natural calamities this year have made us see more clearly that in order to upgrade production in agriculture and animal husbandry, it is absolutely necessary to improve the production conditions as soon as possible.
2. In order to change the backward state of the enterprises in our region, the key is to do a good job in the consolidation of enterprises, grasp vigorously the work of turning deficits to profits, and enhance the economic results. Therefore, various places should make serious arrangements regarding the norm of economic results and [words indistinct] turning deficits to profits in 1984. Practical measures should be set out at every level so that the arrangements can be implemented. In this way, obvious progress can be made regarding the economic results of the enterprises in our region, and prominent results can be achieved regarding the work of turning deficits to profits.
3. The work of finance and commerce should be suited to the needs of economic development. In recent years, the circulation channels for the commodities in our region have not been smooth enough. In 1984, every effort should be made to improve the circulation of commodities, and a greater quantity of commodities should be put on the market. The commercial departments should overcome the idea of reluctance to sell and make great efforts to promote the sales of commodities and strive to draw out more money. Increase of revenue and turning deficits to profits are the central tasks in finance in 1984. Various places should adopt measures to ensure the realization of the targets in turning deficits to profits.
4. Strict control should be imposed over the arrangement for investment in fixed assets, and new items should be restrained. Every effort should be made in enhancing the results of investments. In the new year, the investment in capital construction and the funds for renovation and transformation should be included in the annual plan. The autonomous region and the relevant departments in various prefectures and cities should strictly carry out and should not break the targets set in the plan.

When talking of improving the leadership of economic work, Comrade Duojuairang said: With regard to this point, I think that in order to strengthen and improve the leadership of economic work, the following problems should be solved well. First, a strong sense of responsibility and devotion to one's work should be established. Second, emphasis should be placed on improving work style and on strengthening investigations and studies. Furthermore, we should strive to enhance the quality of ourselves. At present, with the rapid development of science and technology, the cycle of the renewal of knowledge has become shorter and shorter. It is hoped that all comrades engaged in economic work will pay great attention to this point and regard study as their primary task. Work needs study, and study is for work. In order to enhance the quality of ourselves and to fulfill well the tasks assigned by the party, there is only one way, that is, study, study, and more study. The third point is that the responsibility system for the leadership should be established and perfected. From now on, no matter what we do, we should make sure that there are responsible persons at every level. The fourth point is that discipline should be strictly enforced. At present, lax discipline is a comparatively conspicuous problem in economic work. It must be emphasized that with regard to the policies and rules and economic work issued by the central authorities and by the autonomous region, and the economic development plans set forth and approved by the central authorities and by the autonomous region, various places and departments have the obligation to implement them in accordance with local and practical conditions, and they have no right to refuse to implement them or alter them at will.

Comrade Duojuairang expressed his hope. Right from the start of this year, the first thing for various places and departments to do is to conscientiously arrange the production tasks of their respective units and departments and to formulate various kinds of targets for economic development and vigorously grasp the economic results and the responsibility system. We should use our practical actions to implement the spirit of the 2d Plenary Session of the 12th CPC Central Committee, implement the spirit of the Third CPC Congress of the autonomous region, and win new victories.

CSC: 4006/197

## ECONOMIC PLANNING

### YUNNAN HOLDS ECONOMIC PLANNING CONFERENCE

HK030227 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 2 Jan 84

[Excerpts] A provincial conference on planning recently convened by the provincial government stressed: The province must continue to implement the principle of readjustment, restructuring, consolidating, and improving in economic work in 1984, center its efforts on improving economic results, and strive for relatively high growth rate.

The provincial planning conference was held in Kunming from 21 to 30 December, Vice Governor Zhu Kui conveyed the spirit of the national planning conference. Governor Pu Chaozhu gave a report on the guiding ideology for arrangements for the province's economic plans and relevant policy measures.

The conference pointed out: The province's economic situation was very good in 1983. Good reports came in from all economic fronts at yearend, exceeding expectations. In agriculture, areas that suffered small disasters scored big production increases, and areas that suffered severe disasters also reaped bumper harvests. Total grain output exceeded 19 billion jin and set a new record. The province has reaped bumper harvests for 4 successive years. In industry, due to the fact that leaders at all levels attached great importance to centering work on improving economic results and worked hard to consolidate the enterprises and reduce deficits and increase surpluses, total output value rose by 11 percent over 1982. By the end of November, profits of enterprises covered by the provincial budget showed a rise of 18.2 percent compared with the same period in 1982, while losses declined by over 3 million yuan.

The conference pointed out: In correcting the guiding ideology for economic work, it is necessary to solve problems in four aspects:

1. In the present circumstances, when the state is in financial difficulties and capital for construction and consumption must be kept under appropriate control, while a certain amount of capital and material must be concentrated to ensure key construction work, we must firmly establish the idea of working with hard and self-reliant efforts to build Yunnan, and rely on our own strength, on the province's own abundant natural resources, and on the power of the party's correct line and policies to greatly push forward economic work in Yunnan.



2. We must shift the whole of economic work onto the track of concentrating on improving economic results. We must base our work on the existing industrial and agricultural foundation.

3. We must uphold the principle of having economy under ownership by the whole lead collective economy, and give free rein to developing urban and rural collective economy.

4. We must strengthen the sense of organization and discipline in economic construction, enhance our concept of the overall situation, strictly observe fiscal and economic discipline, spontaneously carry out the state plans, and uphold normal socialist economic order.

In accordance with the guiding ideology for economic development in Yunnan, the conference proposed 10 policies and measures for reform, as follows: 1) Gain a fresh understanding of the changing rural economy, and continue to get a good grasp of agriculture, which is the foundation. 2) Look into ways of amassing and using capital, and do a good job in managing and utilizing capital for construction. 3) Reform the capital construction examination and approval system, and arrange the plans in order of official projects, reserve projects, and preparatory work for projects. The focus should be on preparatory work. Projects should be started as soon as they are ready. 4) Bring into the national economic plan production and construction in industry owned by the collective, and provide support for it in capital, tax revenue, materials, equipment, and technology. We should vigorously develop urban and rural collective economy. 5) Develop small coalmines and hydroelectricity projects in a self-reliant way, to solve the energy problem in the localities and rural areas. 6) Reduce road transport costs, to promote the development of commodity economy. 7) Get a good grasp of consolidation and technological transformation in the existing enterprises, and continually improve the quality of enterprises. 8) Carry out reforms in commerce, set up a variety of circulation channels and operational methods from bottom to top, and reduce the number of links in the circulation chain. 9) Raise capital in various ways for speeding up the popularization of elementary education, and apply various means to stimulate the exploitation of brain-power. 10) Strictly observe fiscal and economic discipline, further carry out a major inspection of this discipline, and block loopholes.

The meeting demanded that leaders at all levels vigorously promote investigation and study and bring about a transformation in leadership style and work methods.

CSO: 4006/197

## ECONOMIC PLANNING

### CHONGQING MAKES FIRST QUARTER PRODUCTION PLANS

HK040956 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 2 Jan 84

[Text] According to a report in SICHUAN RIBAO, the Chongqing City Economic Commission has made plans for the production tasks to be accomplished in the first quarter of 1984 and assigned quotas to the enterprises. It requires all enterprises to fulfill 23 percent of the yearly plan in the first quarter of this year. In addition, it has made arrangements and preparations for the 1984 industrial production. It emphasizes the need to focus attention on improving economic results, to regard improving the quality of products, producing new products, increasing the variety of goods, reducing consumption and production costs, and increasing the profits from products and the amount of taxes collected as the focal points, to work hard, and to raise the economic results achieved by Chongqing to a new level.

(Huang Ye), vice mayor of Chongqing City, and the city economic commission have jointly formulated measures to solve the problems of how to do a good job in production and how to improve economic results. It is necessary to continue to pay close attention to the preparations for production, to make sure that they are inspected and implemented, and not to ignore them. It is necessary to continue with the drive to fight waste and to improve results in order to cut consumption and production costs. It is necessary to make technological advances, to speed up technical transformation, to pay close attention to producing new products, to increase the variety of goods, and to pay close attention to the work to increase surpluses and make up deficits. They demand that a powerful system for directing production should be established from top to bottom to improve production management.

CSO: 4006/197

## ECONOMIC PLANNING

### HEBEI ECONOMIC COMMITTEE ON TASKS, PROBLEMS

HK040317 Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 3 Jan 84

[Excerpts] According to HEBEI JINGJI BAO [HEBEI ECONOMIC JOURNAL], the provincial economic committee has proposed the following main tasks in industry and communications in 1984: Continue to implement in depth the principle of readjusting, restructuring, consolidating, and improving, center work on improving economic results, and speed up the development of the light, energy, raw materials, and aid-agriculture industries. There must be a new breakthrough in various economic targets. Deficits in loss-making enterprises should be cut by 65 percent.

In order to accomplish the planned targets for the new year, it is necessary to correctly handle the relations between growth rate and economic results and between quantity and quality, and resolutely correct the methods of certain enterprises in blindly pursuing output value and quantity while ignoring market needs. A deadline must be set for consolidating enterprises which have amassed large stockpiles of products. It is necessary to continue to readjust the product mix, and stop producing backward products and those with large input consumption. Enterprises that have run at a loss for a long time and lack orientation for their products must be closed, suspended, amalgamated, or switched to other production.

In the new year, we must continue to get a good grasp of all-round consolidation in the enterprises and promote technological progress, to bring about a big improvement in enterprise quality.

There will be great contradictions between energy supply and demand in 1984. We must grasp production on the one hand and conservation with the other, to ease the energy shortage.

CSO: 4006/197



## ECONOMIC PLANNING

### MINISTER OUTLINES RURAL INDUSTRIALIZATION POLICY

OW041750 Beijing XINHUA in English 1456 GMT 4 Jan 84

[Text] Beijing, 4 January (XINHUA)--China's rural factories and mines have again been urged to render still better service to the needs of domestic and international market--the country's own rural market in particular--by using locally available resources.

This aims in part at enabling rural industrial development to go hand in hand with the development of urban industry, in the interest of the country's overall development.

Speaking at a national conference now in session in Beijing, Minister He Kang of Agriculture, Animal Husbandry and Fishery outlined China's policy for rural enterprises which are playing a "great role" in China's socialist economic construction.

Such enterprises will be allowed to solicit imported funds and import technology, he said.

Meanwhile, he said, there is the need to encourage the effort to set up joint enterprises between different layers of a given rural collective, between collective and state-owned enterprises and between collectives and individual households.

China now has more than 1.3 million rural enterprises. Most of these are run by rural collectives and the rest are joint enterprises started in recent years by households under the new policy of encouraging rural prosperity.

He Kang called attention to the fact that rural enterprises furnish a significant part of the national output of coal, cement, phosphorus fertilizer, bricks, tiles, farm tools and implements and silk textiles.

Rural coal mines produced more than 137 million tons in 1983, accounting for about one fifth of the national output.

In 1982, He Kang said, each member of the rural population drew from collective industries an additional income of 22 yuan.

Between 1979 and 1982, He Kang added, more than eight billion yuan from rural industrial profit was used to buy farm machines, start farmland capital construction project and build warehouses and stockyards.

Industrialization, plus the resultant development of construction, transportation, commerce and other services will be the way to provide jobs for the increasingly great rural surplus labor. China now has 330 million rural laborers, He Kang noted, and the number of expected to grow to 450 million by the end of this century.

Rural industrialization is also expected to help rationalize China's industrial distribution, He Kang said.

CSO: 4020/051

## ECONOMIC PLANNING

### BRIEFS

SHANXI PLANNING CONFERENCE--The Shanxi provincial government held a conference in Taiyuan on planning work from 17 to 26 December. The conference conveyed and discussed the spirit of the national conference on planning work, looked back on the situation in carrying out the province's 1983 plan for the national economy, summed up the experiences in carrying out the plan, and made arrangements for the 1984 province's plan for the national economy. It is estimated that the province's agricultural output value this year can reach 6.428 billion yuan, an increase of 1.41 percent over last year. Despite serious natural disasters, the province still reaped a relatively good harvest of autumn grain and cotton. The province's gross output of grain this year can reach 19.1 billion jin. Its gross output of cotton can reach 2.1 million dan. The per capita income in the whole province this year can reach 227 yuan, an increase of 25 yuan over last year. It is estimated that the total amount of retail commodities in the province this year can reach 4.75 billion yuan, an increase of 10 percent over last year. The rural purchasing power this year is larger than the urban purchasing power. It is estimated that the amount of the province's revenue this year can reach 2.378 billion yuan, some 200 million yuan more than the annual quota and some 350 million yuan more than last year. [Summary] [Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 27 Dec 83 HK]

CS0: 4006/197

## AGGREGATE ECONOMIC DATA

### PROFITS, TAXES INCREASE IN 13 PROVINCES, REGIONS

OW101013 Beijing XINHUA in English 0630 GMT 10 Dec 83

[Text] Beijing, 10 December (XINHUA)--Profits and taxes from industry in 13 provinces and autonomous regions rose between 7 and 19.7 percent in the first 10 months of this year over last year's same period, outstripping the growth of output value which was 6.7 to 21 percent, according to the state statistical bureau.

The 13 provinces and autonomous regions are Shanxi, inner Mongolia, Jilin, Shandong, Hunan, Guangdong, Sichuan, Guizhou, Yunnan, Gansu, Qinghai, Ningxia and Xinjiang.

This is an indication of better economic results, the bureau said.

This situation has not come about nationwide, the bureau said. Total industrial output value for the first 10 months was 503.78 billion yuan, a 10.5 percent increase, while profits and taxes rose only 5.5 percent.

Analysis of faster growth of industrial profits and taxes in Sichuan, Gansu, Jilin and other provinces shows better product quality is one of the contributing factors. Metallurgical plants in Sichuan Province are manufacturing 370 varieties of high-grade steel, including thick-wall pipes for aircraft, heavy-duty boiler pipes, spark plug cold-drawn steel, all of which used to be imported. Sichuan's metallurgical industry reported a profit of 434 million yuan in the January-October period of this year, about 35 percent higher than in the same 1982 period.

Technical transformation also helped improve economic returns. Many provinces have since the beginning of this year quickened the pace of introducing new technology and renovating existing equipment. Electronic enterprises in Gansu Province imported advanced equipment for production of recorders and television sets and streamlined existing production lines for integrated circuits and other parts. In the first 9 months of this year, the Provincial Electronics Corporation showed a profit of 4.5 million yuan, 2.8 times more than the same period of last year.

In addition, efforts were made to conserve energy and lower consumption of raw materials which cut costs by a big margin. The Baotou Iron and Steel Company,

one of China's major metallurgical plants, adopted a new process known as "emulsification of heavy oil in the oxygen blast open-hearth furnace," which cut oil consumption by about 10 percent. The company also applied other advanced production technology. Savings amounted to 9.58 million yuan in the first 10 months of this year.

Measures were also adopted to help loss-making factories get out of the red. Jilin City organized a group of economists and engineers to investigate 24 factories in the red and helped them work out schemes to end the loss-making situation.

CSO: 4020/051

## AGGREGATE ECONOMIC DATA

### CHINA'S OUTPUT VALUE TARGET FOR 1985 MET IN 1983

OWL2152 Beijing XINHUA in English 1615 GMT 31 Dec 83

[Text] Beijing, 31 December (XINHUA)--China's 1983 total industrial and agricultural output value is estimated to reach the target set for 1985, the last year of the country's sixth 5-year plan, 2 years ahead of schedule, the state statistical bureau announced here today.

According to the bureau, the country's 1983 output value of industry and agriculture is expected to reach 890 billion yuan, while the target originally set for 1985 is 871 billion yuan.

Nevertheless, the bureau said, this does not mean that China has fulfilled all the targets set in the sixth 5-year plan (1981-85).

During the sixth 5-year plan period, the nation's total industrial and agricultural output value is planned to rise at an average annual rate of 4 percent, from the base figure of 715.9 billion yuan in 1980.

The annual rate of increase achieved since 1981 is estimated at over seven percent, the bureau said.

The bureau described the increase as a "great achievement" in the national endeavor to quadruple China's industrial and agricultural output value by the end of this century, a goal set by the 12th National Congress of the Chinese Communist Party held in 1982.

It attributed the increase in part to the consecutive good agricultural harvests in recent years. Between 1979 and 1983, the annual increase in grain output averaged 13 million tons, and in cotton output, 350,000 tons.

The corresponding increases for the 26 years prior to 1978 were 5.4 million tons for grain and 33,000 tons for cotton, the bureau said.

Remarkable increases were also registered for oil-bearing and sugar-bearing crops, tobacco and tea. The good harvests have resulted in better market supply and more raw materials for the light, textile, food-processing and other industries and have helped promote the national economy.



The country's 1983 output of energy, chemical fertilizer, sulphuric acid, steel, rolled steel, cement and cassette recorders will reach or surpass the planned figures for 1985.

Its 1983 output value of light industry will be 30 percent more over 1980. The corresponding increase for heavy industry will be 18 percent.

Faster development of light industry indicates China's success in readjusting its national economy. This is responsible for the improved supply of consumer goods, the bureau said.

Yet agricultural production is still affected by weather factors, it noted. The 1983 outputs of electric power, non-ferrous metals, ethylene and many light industrial products are still far from meeting the targets set for 1985.

This shows China must continue to work hard to meet all economic targets set for the sixth 5-year plan period, the bureau said.

CSO: 4020/051

## AGGREGATE ECONOMIC DATA

### RURAL INDUSTRIAL PRODUCTION UP IN 1983

OW031345 Beijing XINHUA in English 1313 GMT 3 Jan 84

[Text] Beijing, 3 January (XINHUA)--Rural collective industrial enterprises in 1983 is expected to yield 72 billion yuan in total output value, up 11 percent over 1982.

Production increases were achieved by rural enterprises in 27 provinces, municipalities and autonomous regions on China's mainland, according to the Ministry of Agriculture, Animal Husbandry and Fishery. The increase by rural enterprises in Beijing, Anhui, Hubei and Guizhou exceeded 20 percent.

The ministry attributed the increase in rural industrial production to the improved efficiency of collective farmwork under the contractual job responsibility system, which has made it possible for more and more peasants to shift from farmwork to industry, transportation and service trades.

China now has more than 1.3 million rural enterprises, of which 95 percent are practising an economic responsibility system for better efficiency.

Between 1978 and 1982, the ministry reported, rural industrial output value had increased at an annual rate of 13.3 percent on the average.

In 1982, coal mines operated by rural collectives produced 137.76 million tons. The 1983 output is estimated to be 4.7 percent higher.

The 1983 output of electricity produced by rural collective power plants and stations is expected to increase by 2.4 percent, from 4.77 billion kilowatt hours in 1982.

The corresponding rate of increase for the output of cement was 12 percent, according to the ministry.

CSO: 4020/051

## AGGREGATE ECONOMIC DATA

### GOVERNMENT RELEASES THIRD QUARTER EXPORT FIGURES

HK040101 Hong Kong HONG KONG STANDARD in English 4 Jan 84

[Text] Some \$6.71 billion worth of electrical machinery and appliances, including electronics products was exported in the third quarter of last year, according to figures released by the government yesterday.

This was an increase of 57 percent against the corresponding period in 1982, and was also the largest increase in absolute value of any industry group.

A government spokesman said that this series was derived by regrouping all six-digit commodity export items under the present external trade classification system according to the industries in which these commodity items are normally produced.

Since its scope is confined to merchandise trade, transactions in gold and specie are included.

In terms of the value of domestic exports, the six most important industry groups were wearing apparel, electrical machinery and appliances, textiles, plastic products, professional and optical equipment, and metal products.

They together accounted for 87 percent of the value of merchandise domestic exports in the third quarter of 1983.

The largest increases in absolute value over the third quarter of 1982 occurred in electrical machinery and appliances, with an increase of \$2.45 billion, textiles of \$1.57 billion, wearing apparel of \$877 million, metal products of \$539 million, [words indistinct] \$415 million and plastic products of \$355 million.

In relative terms, the most prominent increase was recorded in mining and quarrying production, the exports of which in the third quarter of 1983 were almost 20 times those in the same quarter of 1982.

Other industries with significant percentage increases were tobacco, an increase of 90 percent, electricity was 67 percent, and electrical machinery and appliances was 57 percent, metal products was 53 percent and non-metallic mineral products was 52 percent.

On the other hand, decreases in the value of domestic exports were recorded for agricultural, livestock and poultry production which declined 41 percent, food was 1 percent, rubber products was 7 percent, and petroleum and coal products was 67 percent, the government spokesman said.

The classification of commodity export items by industrial origin is structured upon the United Nations International Standard Industrial Classification of All Economic Activities, as distinct from the United Nations Standard International Trade Classification which is adopted in the regular trade statistics reports.

When interpreting these reclassified figures, it should be noted that the overall export value of an exported commodity requiring several intermediate processing stages is wholly allocated to the industry in which it is finally produced, although the industry is not really the sole contributor to the value.

CSO: 4020/051

## AGGREGATE ECONOMIC DATA

### BRIEFS

STEEL, PIG IRON QUOTAS MET-- Beijing, 27 December (XINHUA)--China has already met steel, rolled steel and pig iron quotas set for 1985 under the sixth 5-year plan (1981-85), the METALLURGICAL JOURNAL reports today. By 22 December, China's metallurgical industry turned out 39.04 million tons of steel, 40,000 tons above the 1985 target, the JOURNAL says. By 12 December 29.37 million tons of rolled steel was produced, exceeding the 1985 quota by 70,000 tons. By 9 December 35.17 million tons of pig iron was also produced, compared to the 1985 quota of 34.5 to 35.1 million tons. Big increases were also recorded this year in the output of steel plates and sheets, steel tubes and strip steel badly needed for the national economy, according to the paper. This year saw continuous reduction of energy consumption in 32 key state iron and steel companies and 54 major locally-run companies, saving 910,000 tons of standard coal in the first nine months of 1983. [Text] [OW280350 Beijing XINHUA in English 1043 GMT 27 Dec 83]

HARBIN LIVING STANDARDS IMPROVE--Harbin, 6 January (XINHUA)--Residential housing totalling 1 million square meters and jobs for 48,000 young people were some of the achievements of the Harbin People's Government in improving the well-being of its people in 1983. Harbin is a big industrial city and the capital of China's northernmost Heilongjiang Province. Other improvements for the 2.55 million population are: Setting up over 8,000 state, collectively and privately run shops and pedlars' stands; installing running water for 13,000 families and providing piped gas for over 8,000 households; adding over 100 nurseries and kindergartens with accommodation for about 10,000 children; building and repaving 319 asphalt roads and constructing 82 public toilets; planting over 968,000 trees and 400,000 square meters of flower beds and lawns; adding 100 hospital beds; providing about 495,000 tons of vegetables and 2500 tons of fish for its residents; 50 percent more fresh eggs were laid in by commercial departments over the previous years and more fresh milk was supplied. [Text] [OW060814 Beijing XINHUA in English 0630 GMT 6 Jan 84]

CSO: 4020/051

## ECONOMIC MANAGEMENT

### PROFITS AND ECONOMIC RESULTS STRESSED

Beijing CAIZHENG [FINANCE] in Chinese No 10, 8 Oct 83 pp 1-3

[Article by Investigation Team, Ministry of Finance: "Do a Good Job in Turning Losses Into Profits and Improving Economic Results"]

[Text] Jilin Province has been a province where losses in the enterprises have been severe. During the past 10 years, the industrial enterprises sustaining a loss ate up, on the average, 26.3 percent of the profits of the profit-making enterprises in the province's budget. In 1981, the extent of loss reached 45.7 percent; that was the peak in the history of the province. Among the 46 municipalities and counties of the province, the industrial enterprises of 32 municipalities and counties sustained losses and depended on financial subsidies to fare through the year. In that year, the central financial administration subsidized Jilin Province by more than 200 million yuan; yet an end-of-the-year deficit still showed up in the provincial financial management. With the province's finances and economy facing difficulties, various enterprises of construction, especially economic construction in the remote border areas and the areas of the minority nationalities, all became affected to a certain extent. In view of the province's financial and economic realities, the financial and economic leading departments of the Jilin provincial party committee and provincial government conscientiously summed up their experiences and lessons, further rectified their guiding ideology and, with improvement of economic results as their central goal and in conjunction with an energetic effort to readjust the enterprises, at the same time assiduously handled their work in turning losses into profits and also succeeded in achieving conspicuous results. In the province's 1982 budget, those industrial enterprises which sustained losses decreased by 65 in comparison to the previous year; the amount of their losses decreased by 65.35 million yuan in comparison to the previous year, showing a reduction of such losses by 26.3 percent. In the first half of this year, those industrial enterprises which sustained losses once again decreased by 232, and the extent of loss decreased from 46 percent in the previous year to 26.7 percent, for a reduction of 19.3 percent; the amount of losses decreased by 54.2 million yuan in comparison to the previous year, for a reduction of such losses by 49.6 percent. In this first half of the year, a fine situation of economic results increasing side by side with the speed of development and of an increase in economic results surpassing the increase in output value developed in the province's industry.



What has been Jilin Province's main experience in turning losses into profits?

**I. Handling Ideological Reorientation Well. Taking Turning Losses Into Profits as Main Direction of Attack in Changing Passive Situation in Province's Finances and Economy**

In order to implement the central authorities' policy of "shifting all economic undertakings onto the course with the improvement of economic results as its central task," Jilin Province proceeded after the national industrial and communications work conference last year to sum up conscientiously the experiences and lessons in the history of the province's industrial development during the 30-odd years since the founding of our state and since its effort during the past few years to turn losses into profits. They came to realize that the losses of the enterprises during these years have been serious and have imposed a heavy burden on the financial administration; if such losses are not turned into profits, if attention is paid only to improving our capability but not to our level of resultant competence or only to speed but not to economic results, the upshot is bound to be the appearance of a vicious circle of "low results--poor finance--precarious stability." In order to change such a situation, we must further rectify our guiding ideology, correctly handle the relationship between speed and results and thereby increase the speed by the improvement of results, realizing the unity of speed and results.

In order to unify the understanding of leading comrades of various levels, they have proceeded at the provincial party congress and the People's Congress as well as at various types of large-scale meetings such as those on the province's industries and communications, planning, finance and trade at various points to cleanse the influence of the "Left" through the "three comparisons" (comparison between the province's industrial and economic results and the nation's average level, comparison between such results and those of fraternal provinces which started from a similar industrial basis but which are now developing very fast, and comparison between such results and the province's highest level of achievement in history) through the presentation of problems, the revelation of contradictions and the search for gaps. They have proposed to adhere to "one central goal and four points of emphasis," that is, to take the improvement of economic results as the central goal and take the development of products, improvement of quality, reduction of consumption and lowering of cost as the points of emphasis and to realize the unity of short-term and long-term undertakings, of the parts and the whole and of speed and results. They have decided to take turning losses into profits as the main direction of attack in improving economic results and changing the passive situation in the province's finances and economy, to strengthen the leadership earnestly, to adopt resolute measures and to put up dogged efforts in order to demand results from enterprises that have been sustaining losses.

**II. Conducting Penetrating Investigation and Study, Analyzing Causes of Loss Enterprises by Enterprises and Formulating Plans for Turning Losses Into Profits**

Last year, Jilin Province organized a part of the core forces from the economic commission, the finance division and other concerned departments to carry out

a background-ascertaining investigation of 8 enterprises in 2 counties and 1 municipality and also 72 representative enterprises. The various regions and various departments also organized such forces correspondingly to carry out a penetrating analysis of the 427 enterprises that had sustained losses under their jurisdiction one by one. They succeeded in acquiring the clear understanding that there are mainly three causes for the losses of the enterprises. One is political turmoil and economic setbacks. Before the "cultural revolution," the province had only 63 enterprises which sustained losses; during the 10-year period of turmoil, more than 700 enterprises were established, of which more than 400 sustained losses. In addition, during the past few years there have been added certain enterprises whose economic techniques had yet to pass the test; thus the extent of loss expanded more and more, while the amount of losses became bigger and bigger and the financial burden also became heavier and heavier. The second is that the management of the enterprises has been chaotic and their damage and waste severe. Among the existing enterprises sustaining losses, more than 70 percent of them ended up this way because of inadequate management and control, high consumption and considerable waste; thus such losses by policy design conceal a question pertaining to business management. The third is that the equipment of the enterprises has become old and out of date, their technology backward and the quality of their products low, so that they lack competitiveness. Through such analysis of the causes for loss, they came to understand that the key to solving the question of enterprise losses lies in management, and whether management is adequate lies in leadership. So long as the leadership shows great determination and dares to "face difficulties head-on" and adopt pertinent measures, problems are not hard to solve.

In order to promote the overall tasks of turning losses into profits and prevent the rise of new loss-sustaining enterprises as soon as the problems in the old ones are solved, they have mobilized this year the various regions and various departments to carry out a background-ascertaining investigation of the 499 loss-sustaining enterprises at the beginning of the year in one trade after another and have formulated a plan for turning losses into profits. This year it is planned that 50 enterprises will be shut down, 5 enterprises will be subject to readjustment, 263 will achieve the goal of turning losses into profits by the end of the year, 40 will do so by the first half of the next year and 84 will do so by the end of the next year. The other 57 enterprises belong to the category of enterprises which sustained losses basically by policy design; they therefore require that these enterprises progressively reduce their losses by 10-20 percent each year so as to eliminate as quickly as possible the factor of loss resulting from management. This year, they require that the province's industrial enterprises reduce the amount of losses by 42 percent in relation to that of last year, and by 44 percent again the next year in relation to that of this year. In order to guarantee the realization of this provincial plan for turning losses into profits, the provincial government has issued a document in the nature of a directive to suggest three demands: (1) Those enterprises which find themselves unable to complete their plan for turning losses into profits will not be allowed to draw a percentage based on the losses reduced according to the plan as set at the beginning of the year. In the case of the newly emergent enterprises sustaining losses beyond the plan and the losses sustained by enterprises beyond the planned

limit, financial administrations at the various levels will withhold reimbursement for unsold merchandise, and the banks will also stop granting them any more loans. (2) With respect to enterprises that fail to turn losses into profits by the deadline, the provincial authorities are determined to put into practice the measures of shutting them down, suspending them, merging them or converting them and grant them no more subsidies for their losses; their staff and workers will not be allowed to transfer any funds, and their secretaries and directors must voluntarily resign or be dismissed on the spot. (3) The results of turning losses into profits must be authentic; once they are found to have resulted from fraudulent practices, the responsibilities of the enterprises themselves and concerned circles would have to be scrutinized. All must strive to eliminate losses pertaining to management within 2 years and to reduce losses by policy design to a minimum. Enterprises that are making profits must endeavor to eliminate in a short period products that cause losses. Most counties (municipalities) and enterprises must realize the elimination of enterprises that sustain losses within 3 years.

### III. Adopting Resolute Measures, Imparting Vitality, Putting Pressure Upon Enterprises, so as To Demand Results From Enterprises Sustaining Losses

Jilin Province has adopted the measure of both imparting vitality and exerting pressure, that is, the policy of forcing the enterprises in the first instance and providing them with some outlet in the second. Exerting pressure means applying the measures of "limitation, suspension, relaxation and shutdown" to the enterprises sustaining losses. (1) In the case of enterprises with inadequate management, high consumption, considerable waste, products of inferior quality and of exorbitant price and a dim outlook for relevant distribution, when it is also possible for them to change their outlook in a short period, the measure will require them to turn their losses into profits by a given deadline. In the case of enterprises with overproduction and underdistribution, thus piling up products while producing them, the measure will limit their production and readjust them. (2) In the case of enterprises with an irrational scale of production, with economic techniques that cannot pass the test, with equipment seriously out of repair and incapable of maintaining normal production, with old products of a low quality and dim prospect for sale and with new products that fail to take over in time and with severe losses being sustained, the measure is to stop their production and readjust their methods. (3) In the case of small-scale state-run enterprises that sustain losses, the measure of relaxation will be administered, allowing them to manage collectively, practice independent accounting and take responsibility of their own losses and profits. (4) In the case of enterprises which sustain severe losses for a long time, lack conditions for conversion into other lines of production, lack a promise for reform and incur even greater losses than if they stop operating, the measure will resolutely shut them down.

Imparting vitality means formulating policies to encourage the endeavor to turn losses into profits. For example, enterprises that are required to turn losses into profits by a given deadline and that succeed in turning their losses into profits before that deadline should be given some benefit from the originally intended subsidies for such losses. In the case of some enterprises, the policy may be the practice of allowing them to contract the

exclusive responsibility of progressively reducing their losses; in the case of others, the policy may be the practice of granting a fixed amount of subsidies according to their various products. In the case of small mines suitable for operation by communes and production brigades, permission may be given for them to be transferred down to the communes and production brigades for their management. In the case of enterprises that temporarily face difficulties, financial departments may grant them appropriate sums of temporary subsidies. In the case of small-scale enterprises at the county level and below that sustain losses, they may be turned over to collective management by contract, or direct collective management, with these enterprises shouldering the responsibility for their own losses and profits. In the case of enterprises that are transferred down to the communes and production brigades for their management and that are turned over to collective management, once they have succeeded in turning their losses into profits, a given sum of fees for occupying fixed assets and liquid capital may be collected from them. In the case of enterprises that are shut down or suspended, permission may be granted to the personnel waiting for employment to rent the original plant buildings and equipment in order to run some collectively managed parts-processing, repair, service and other temporary businesses and make their own living by taking the responsibility for their own losses and profits. In the case of meritorious personnel who contributed to the success of turning losses into profits ahead of time, rewards may be granted to them. In the case of enterprises sustaining losses whose products are suitable for relevant consumption and whose costs can also be actually reduced, assistance may be given with respect to technological transformation and technological advancement. Investments whose amounts are found to be considerable may be subsumed under the province's uniform plan and so arranged on a priority basis. In the case of enterprises that are capable of turning their losses into profits without having to spend a lot of money, solutions for them should be provided by the use of the alteration funds accumulated at the various levels and by small-scale technical measures for financing loans. After the policy of exerting pressure in the first place and providing an outlet in the second place was implemented among the 198 loss-sustaining enterprises last year, as many as 113 of them succeeded in turning their losses into profits or in reducing their losses in that very year, resulting in a reduction of 31.8 million yuan of such losses, which made up 48.7 percent of the province's total reversal of losses.

#### IV. Practicing Production at Fixed Points, Prompting Enterprises To Readjust Themselves and Reduce Their Losses

Since last year, Jilin Province has adopted the approach of producing at fixed points among 567 enterprises of 12 trades that include textile, farming machinery and electronics; those which became such fixed points numbered 334. The approach is, in the case of those enterprises that are designated as such fixed points, to make arrangements for their production on a priority basis, to provide them with raw materials and energy resources on a priority basis and to arrange capital for them also on a priority basis. Meanwhile, steps are also taken in conjunction with enterprise rectification to fix the types of products, fix the number of their personnel and establish technological and economic targets to be achieved by a given deadline. In the case of those



which fail to realize their fixed goals, their status as the fixed points for such production would be revoked. In the case of enterprises that are not selected as such fixed points, the method of dividing the big ones into small ones and changing the comprehensive ones into more specialized ones should be adopted to have them contract the production collectively and take the responsibility for their own losses and profits, so as to enable them to readjust their own orientation of production. In the case of enterprises that should readjust their own orientation of production but insist on not doing so and yet at the same time still cannot escape from their impediments, then such means as no granting of subsidies for losses, no granting of loans by banks, the withholding of the supply of raw materials and energy resources and the refusal of industrial and commercial administration departments to issue operation licenses to them should be adopted to prompt them to broaden their avenues of production and to convert to production of products suitable for relevant consumption and products of high benefits in accordance with market needs and resource conditions. The adoption of such a method as production at fixed points to prompt self-readjustment, compared to readjustment from above, incurs less obstruction, is speedier and gets better results. For instance, after the farm machinery trade was turned over to production at fixed points, its losses decreased from the 16.52 million yuan of 1981 to the 8.82 million yuan of 1982, with a reduction of losses amounting to 46.6 percent.

The results of Jilin Province's work of turning losses into profits have been conspicuous, and they have at the same time provided us with some beneficial experience. The people involved are prepared to continue to grasp such work of turning losses into profits without neglect and, according to the spirit of the industrial and communications conference in August of this year, put their efforts on the improvement of quality, earnestly do a good job in the various tasks and make new contributions to a fundamental turn for the better in our financial and economic situation.

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CSO: 4006/130

## ECONOMIC MANAGEMENT

### LOSING STATE-RUN ENTERPRISES REDUCE DEFICITS

OW171602 Beijing XINHUA in English 1438 GMT 17 Dec 83

[Text] Beijing, 17 December (XINHUA)--China's stateowned enterprises running at a loss have sharply reduced their deficits in 1983, according to the ministry of finance.

These enterprises reported a total deficit of 2.5 billion yuan (about 1.25 billion U.S. dollars) in the first 11 months of this year, 30.6 percent less than in the same period a year ago.

Altogether 8,436 enterprises registered losses in the first 9 months of this year, accounting for 20 percent of the total number of enterprises covered by the state budget, as against last year's 28.5 percent.

The target of a 32.1 percent reduction in total losses was not met, the ministry said. Most places and departments, however, may fulfil the loss-reduction goal by the end of the year officials added.

Substantial losses were caused by poor management. Surveys in selected areas showed that management losses accounted for about 70 percent of the total.

Some enterprises were found to have resorted to deception to cover up their losses, the ministry said, while other factories have made up for their losses in irregular ways, including drawing from their profits and selling goods outside the state plan.

Sternier times are ahead for some deficit-plagued enterprises in 1984, officials said.

Enterprises with long-standing losses must be thoroughly overhauled, beginning with their leadership. Deception will be dealt with severely, officials said. There will be no bonuses, subsidies or pay rises next year in these enterprises, they added.

Meanwhile, the Shanghai Municipal Bureau of Finance reported total elimination of loss-making enterprises as the municipality's last lagging business, the Shanghai Dongshen Titanium White Factory, began to show gains from 15 December.



The bureau said Shanghai may fulfil the profit quotas set for it by the state this year, with a 1 percent reduction in production costs. There were still losses on 646 products, however, for a total deficit of 38 million yuan.

The Ministry of Finance has called for strong efforts to end management losses by the end of next year.

CSO: 4020/051

## ECONOMIC MANAGEMENT

### TECHNOLOGICAL INNOVATIONS BENEFIT ECONOMY

OW311410 Beijing XINHUA in English 1321 GMT 31 Dec 83

[Text] Beijing, 31 December (XINHUA)--Forty major technological research results which are being popularized during the current sixth 5-year plan period have yielded considerable economic benefits.

They are being used to upgrade factory equipment and products, improve quality and reduce energy consumption.

The improved design of key component parts of the "Jiefang" B-model trucks produced by China's No 1 Motor Vehicle Plant in Changchun has cut fuel consumption by 7 to 8 percent. So far, one quarter of the country's 800,000 such trucks in use have been improved, saving 130,000 tons of gasoline annually.

A newly-developed refractory fiber, widely used in industrial kilns, has helped reduce energy consumption by 20 to 30 percent. The use of the material is estimated to save an amount of energy equivalent to 100,000 tons of standard coal a year.

China's solar-energy water heaters have a total heat-collecting area of 180,000 square meters, saving 60,000 tons of coal a year. Solar energy silicon batteries are used in railway signalling and marine navigation systems. There are 6.5 million biogas digesters in peasant homes, with an estimated output of 1.1 billion cubic meters of marsh gas a year.

A new metal coating technique for repairing worn-out metal parts is being applied by railway and aviation departments, and to automobile, shipbuilding, machinery and power industries. The technique has saved tens of millions of yuan.

Rare-earth elements are widely used in petroleum, chemical, metallurgical, textile and light industries and agriculture. China now turns out annually 700,000 tons of nodular cast iron containing rare-earth element, which can substitute 200,000 tons of steel. Rare-earth fertilizers are applied to 2 million hectares of farmland. Output on 450,000 hectares of land applied with such fertilizers in Sichuan Province increased by an average of 8 to 10 percent in 1982.

## FINANCE AND BANKING

### NATIONAL 1983 TAX PLAN OVERFULFILLED

OW160723 Beijing XINHUA Domestic Service in Chinese 1413 GMT 15 Dec 83

[By reporter Tian Chuan]

[Text] Beijing, 15 Dec (XINHUA)--This reporter has learned from departments concerned that the national had already overfulfilled its 1983 tax plan by 10 December, or 20 days ahead of schedule, and that the tax revenue was 9.5 percent higher than what had been collected during the corresponding period last year. [sentence as printed]

By 10 December, 22 provinces, municipalities and autonomous regions had already overfulfilled their tax plans. Jiangsu, the province that fulfilled its tax plan first, collected 280 million yuan more taxes than planned. Zhejiang, Liaoning, Jilin, Beijing and Yunnan have also collected 100 to 200 million yuan more taxes than their targets.

The sustained growth in industrial and agricultural production throughout the country this year provided a reliable base for the fairly good results in tax collection. Relatively remarkable successes have been achieved by collectively-owned industrial enterprises which, because of greater profits brought about by better operation and management, have delivered over 1 billion yuan more taxes to the state than they did during the same period last year.

The successes in overfulfilling the tax plans ahead of schedule can also be attributed to the great attention and leadership of party and government leaders in various localities and the active support and coordination from various quarters concerned as well as the efforts exerted by various financial and tax departments in intensifying their supervision over tax collection, their nationwide tax auditing and their prompt actions in checking tax evasions.

According to a leading member of a department under the Ministry of Finance, although this year's tax work has been overfulfilled ahead of time, the total increase of tax revenue is still limited, and so certain problems will still remain. He urged all areas and all departments to give stronger support for tax work, strive to increase revenue and conserve expenditure so that a basic balance between revenue and expenditure can be achieved in our country.

CSO: 4006/196

## FINANCE AND BANKING

### RESTRUCTURING OF BANKING SYSTEM DISCUSSED

Beijing ZHONGGUO JINRONG /CHINA'S BANKING/ in Chinese No 9, 4 Sep 83  
pp 22-23

/Article by Jin Siding /6855 1835 7844/: "A Study on the General Program for Strengthening the Restructuring of the Banking System"

/Text/ To carry out properly the restructuring of the banking system, we need a good general program. The birth of a good general program must use the correct theories as guidance and carry out conscientious probing into the practice of restructuring.

#### We Must Have a Fine Beginning

Since the 3rd Plenum of the Central Committee after the 11th CPC Congress, we have done some work with regard to the restructuring of the banking system. We have expanded the scope of bank credits and increased the types of loans. In the system of management of credit funds, we have trial-implemented the method of "unified planning, separate management at various levels, linkup of savings and loans and balance contracts." As of July this year, the circulating funds of the state-run enterprises are managed in a unified manner by the People's Bank. Over the last few years, we have carried out readjustments in the interest rate of bank savings on three successive occasions. In respect to the restructuring of organization, we have strengthened the Bank of China and the insurance companies and have set up agricultural banks. In the last few years, we have begun to implement the economic accounting system in the banking system and have trial-implemented the method of profit retention in some branches. Although all these reforms are preliminary ones, they have unfolded a sense of vitality. They have not only given fuller play to the role of the bank and enhanced the readjustment of the national economy, but have also provided useful lessons for the restructuring of the banking system in the future. Practice has proved that, in order to promote the work of banking, we must emphasize properly the restructuring of the banking system.

The achievements we have scored in the restructuring of the banking system are only a good start, but we are still far from meeting the

needs of the modernization and restructuring of the entire economic system. The gist of the restructuring of the banking system is to solve the problem of "eating out of the same big pot" in the collection and use of credit funds, to establish a system of responsibility in fund management and to closely integrate the results of the use of funds, either good or poor, with the economic interests of the banking unit and the workers. It is precisely on this point that we have not yet made any major breakthroughs. In recent years, we have implemented some reforms, which were basically minor reforms. These reforms have not yet touched on the basic maladies that exist in the system of banking management, and thus have not been able to bring about an obvious new situation in the work of banking.

In carrying out the restructuring of the banking system, we must study and formulate a general program for restructuring and must take the demand of the restructuring of the entire economic system as our overall guiding ideology. The restructuring of the economic system with the system of contracting in agriculture as the starting point is now being launched on all fronts throughout the country. The restructuring of the system of management of the industrial and commercial enterprises, as well as the coexistence of diversified economic forms, diversified modes of management and diversified channels of circulation and the emergency of an open circulating system with few links all ask that the bank meet their needs in terms of credit principles and policies, accounting system as well as the methods of wage and cash management. We must analyze and judge the new situation and new problems that appear in the restructuring of the economic system, so as to set up the overall guiding ideology, specific approaches, methodology and steps for the restructuring of the banking system. Thus, our very urgent task at present is to conscientiously study the new situation and new problems in the restructuring of the economic system at present and map out a general blueprint for the restructuring of the banking system.

#### We Must Further Study and Probe Our Problems

The problems which we encounter at present in restructuring the banking system are mostly related to a lack of strict and scientific proof and unified theoretical understanding. For instance, in recent years, the establishment of the various professional banks has been favorable to enhancing the development of the banking profession. But there are many problems that are worthy of study, such as how to give play to the role of the central bank and establish a banking system with the central bank as the leading body that can regulate the various professional banking organizations and credit activities. Or, for instance, the banks' issuance of medium- and short-term equipment loans originally played an important role in enhancing the readjustment and development of the national economy. However, due to differences in understanding regarding this issue, the further launching of this

work has been affected. Or again, for instance, in recent years, in order to give fuller play to the role of bank interest rates as an economic lever, the state has readjusted the interest rates on three occasions. This is important in absorbing more social funds and raising the results of the use of credit funds. However, there are different viewpoints in society regarding the readjustment of interest rates. Some enterprises conclude that lower profits result from higher interest rates for bank loans. In the case of some enterprises that have been stockpiling commodities and materials for years on end, we should have increased the interest rate for loans. Yet, due to the lack of unified objective criteria regarding surplus stockpiling and questionable commodities, it was difficult to implement the system of rate increase. We can see from all this that as long as we do not have unified ideological understanding and theoretical clarity, we will have difficulty launching reform smoothly, and even if they be minor reforms, we would encounter restructuring the banking system and to make a breakthrough in the restructuring of the banking system, we must conduct penetrating exploration in some basic theoretical issues so as to clarify our orientation and unify our ideological understanding and bring it onto the correct path.

#### Clarify the Guiding Ideology for the General Program of Reform

What kind of a general program should we formulate for the restructuring of our country's banking system? Generally speaking, the general program for reform is determined by the general goal of reform. In light of the situation of our country's banks, the general goal of reform is to shatter the situation of "eating out of the same big pot" of the state monopoly in income and expenditure in fund management, establish a system of responsibility in perfecting fund management, raise the results of the use of funds, run banks really as banks, enable the banks to truly become the lever for developing the economy and renovating technology, and give even fuller play to the role of banks in the four modernizations.

In accordance with this general goal of reform, the general program for restructuring the banking system should be to gradually build a socialist banking system that embodies Chinese characteristics and that is fully equipped. The People's Bank of China is the country's central bank that is responsible for carrying out overall planning in and regulating the activities of the various professional banks and other banking organizations. The central bank is the only issuing bank in the country. It is responsible for issuing money, managing and regulating monetary circulation throughout the country, studying and formulating banking policies, fixing interest rates for savings, drawing up credit plans for the whole country, managing the monetary market, organizing accounting for the whole country and handling the state financial treasury. There is a basic division of labor in the business of the various professional banks, and these banks are all independent business units. The branch organizations belonging to the various professional banks must also implement their own independent economic accounting and implement the



economic system of responsibility in which responsibility, right and benefit are integrated. Our goal is to enable the bank to truly become the hub of activity involving funds throughout the country, organize this network of fund turnover throughout the country, and organically link the economic activities of several hundreds of thousands or several millions of enterprise units. In the reform, we must "turn the bank into a unified accounting organ and regulatory organ that will regulate the economic life throughout the country that is organized according to the socialist mode."

In order to formulate this general program, we must have a discreet working plan and scientific steps in action. In formulating the steps in action, we must pay attention to selecting properly the points of breakthrough. In light of the actual situation in banking reform in recent years, we feel that it is appropriate to take strengthening the management of circulating fund as the point of breakthrough in reform. This is because the problem of managing circulating funds is the major contradiction in banking work at present. If we are able to truly make a breakthrough in the reform of the system of fund management, then many other problems will be resolved readily. Furthermore, the banking reform in recent years has also basically revolved around this focus of strengthening the management of circulating funds. The State Council has stated clearly that, as of July this year, the circulating funds of the state-run enterprises will be managed in a unified manner by the bank. We should make the best use of the situation to carry out reform in this respect properly.

Of course, taking the strengthening of the management over circulating funds as the point of breakthrough in banking reform does not exclude reform in other aspects. On the contrary, we must pay more attention to coordinating the reform in other aspects. Here, we feel that we must pay attention to handling the following related aspects: 1) We must properly link up the reform at present with the long-term goal of reform, let the minor reforms at present create the conditions for the major reforms in the future, and pave a smooth road instead of posing obstacles for the all-round reform in the future. 2) In launching reform in the system of management over circulating fund, we must coordinate the reform in other aspects, must not attend to one thing and lose sight of another and, even more, must not hold one another back. 3) We must properly coordinate the internal reform of banks with the reform of the various economic departments. In the entire course of social reproduction, the bank holds the various links of production, distribution, exchange and consumption. The reform of banks cannot be ahead of the production departments and the commercial departments, and yet it must not lag behind these departments for a long period of time. Instead, it must establish mutual harmony and mutual promotion with these departments in reform. This will ask that we judge the hour and size up the situation, make the best use of the situation and wait till the objective factors mature in order to put into effect the program for reform without delay and attain fine results accordingly.

## FINANCE AND BANKING

### UNIFIED MANAGEMENT OF CIRCULATING FUNDS DISCUSSED

Beijing JINGJI RIBAO in Chinese 1 Sep 83 p 4

/Article by Lu Peijian /0712 1014 0313/: Questions Concerning the Unified Management of Circulating Funds by the Bank"/

/Text/ In line with the decision of the State Council, the circulating funds of the state-run enterprises are put under unified management by the bank. This is an important reform in the system of management of circulating funds, and is part of the reform of the economic system of management. Here are some viewpoints concerning this reform.

#### 1. It is Imperative to Institute the Unified Management of Circulating Funds by the Bank

The change to letting the bank manage in a unified manner the circulating funds of the state-run enterprises is a demand made by the reform of the financial and economic system in recent years and economic development in the future.

In the past, the circulating funds of the state-run enterprises were managed by the financial department and supplied by the financial department and the bank. In accordance with the regulations of the financial system, the circulating funds needed by the industrial enterprises in regular turnover were appropriated by the financial department according to the ratified quota; and the circulating funds beyond the quota that were needed temporarily would be given as bank loans. In 1978, in the circulating funds supplied by the financial department and the bank to the enterprises engaged in industrial production, appropriation by the financial department constituted 65 percent and bank loans constituted 35 percent. In recent years, the state has implemented the system of raising the procurement prices for agricultural byproducts and recovering bonuses as well as a series of measures readjusting wages and expanding the financial power of the enterprises. The financial resources of the enterprises and the people's income have increased, the state funds for financial distribution have decreased, and the funds accumulated through the bank credit channels have increased. Under these circumstances, the original appropriation of circulating funds arranged by the financial

department decreased year after year, and the loans given by banks as circulating funds correspondingly increased. In 1982, in the circulating funds supplied by the financial department and the bank, the proportion of appropriation by the financial department was 6 percent, while the proportion of bank loans was 94 percent. Most of the circulating funds of commercial enterprises have, for a long period of time, come from bank loans. In light of the actual change that took place in the channel of supply of circulating funds, the state decided that the bank should manage circulating funds in a unified manner and integrate the supply of funds with the management of funds. This not only is favorable to ensuring the supply of funds without delay, but is also favorable to strengthening the management of funds. Considering the overall arrangement of credit funds by the bank, this is also necessary.

The state uses the credit method to supply circulating funds to the enterprises and implements the principle of fees for utilization (of state funds). This is in accordance with the demand of the structuring of the economic management system. In recent years, a portion of the state appropriation for capital construction has been changed into bank loans, and the state has collected utilization fees for the circulating funds that are appropriated to the enterprises. These methods have scored fine results. Using the credit method to solve the normal need of funds by the enterprises involves loan and repayment and payment of interest. This not only brings about pressure but also a mechanism which is favorable to encouraging the enterprise to carry out careful calculation and strict budgeting, improve business management, economize the use of funds and raise economic results.

Some comrades are worried that the implementation of this reform may weaken the management over circulating funds and neglect the comprehensive balance in finance and credit. This worry is quite reasonable. This is because, in 1959, when we implemented the method of "credit in full amount" of circulating funds, the above problems did occur. We should heighten our awareness in and pay attention to preventing the above problems. But then, we should also realize that the present situation has already undergone a basic transformation. The "Leftist" guiding ideology which existed for a long time in economic work has been corrected, and the terms for reform are much better than before. As long as we resolutely carry out work in accordance with the stipulations by the State Council, formulate practical and realistic systems and methods, pay attention to maintaining a comprehensive balance in finance and credit, we will definitely be able to carry out this reform properly.

## II. The Enterprises Must Have Definite Self-raised Circulating Funds

After letting the bank manage circulating funds in a unified manner, should the enterprises have definite circulating funds which they have raised on their own? Through repeated investigation and study, we feel

that they should. This way, the circulating funds appropriated by the state to the enterprises will still be retained by the enterprises. In the future, the enterprises should have their own funds to supplement the circulating funds.

Circulating funds are the necessary factor for social reproduction. A rational proportional relationship must be maintained between fixed assets and circulating assets in order to satisfy the needs of production development and expansion of circulation. This is the objective need for the smooth progress in social reproduction. In light of the situation since the nation's founding, the ratio between fixed assets and circulating funds of a state-run industrial enterprise is generally 100:39. That is to say, with the increase of 100 yuan of fixed assets, we must increase 39 yuan of circulating funds. In order to maintain a rational proportional relationship between these two types of funds, we must stipulate, in terms of policy and system, that the enterprise supplement a definite amount of circulating funds. This will prevent the enterprise from using the entire fund for production development as investment in fixed assets, which will result in the abnormal situation in which thousands and tens of thousands of households engage in fixed assets while the bank alone takes on circulating funds. Considering the control of the scale of investment in fixed assets, it is necessary to do so.

The state-run enterprises have the ability to supplement a definite amount of circulating funds. In light of the present situation of profit distribution of the state-run enterprises, it is difficult to use a large amount of funds for production development to supplement circulating funds. However, the profit distribution situation differs among the various enterprises, and the level of profit retention differs. We should make a distinction when we ask the enterprises to supplement the amount of circulating funds. For instance, the small-scale state-run enterprises that pay taxes according to the eight-grade surplus progressive tax rate of the collective enterprises should, like the collective enterprises, supplement the circulating funds with the profit after taxation according to a definite proportion. The supply and marketing cooperatives and the state-run food and service trades at and above county level retain more profits and should use a portion of their profits to supplement the circulating funds according to the stipulations by the state. The state-run enterprises that implement contracting of profit delivered to the state generally retain more profits, and should also supplement the circulating funds according to a definite proportion. In order to control the scale of self-arranged capital construction, the localities, departments and enterprises that raise their own funds to build their enterprises must supplement the circulating funds according to a definite proportion. These conditions indicate that we can attain the goal of establishing a system of having enterprises supplementing the circulating funds. Of course, some enterprises have a very small amount of remaining funds after paying taxes and delivering profits to



the state, and truly have difficulty supplementing the circulating funds. In such case, they can also refrain temporarily from supplementing the funds.

### III. Manage Circulating Funds Well in Integration With the Characteristics of the Bank

In managing circulating funds in a unified manner, the bank must correctly make use of the function of administration and management which the state has entrusted it. More importantly, it must integrate the characteristics of a bank, pay attention to using such levers as credit and interest rate to improve the methods of management and give play in a better manner to the role of the bank in managing circulating funds.

First, improve the method of checking and ratifying the quota for circulating funds, and take the rate of funds from sales income (that is, the circulating funds that are committed to 100 yuan of income from sales) as the primary targets for assessment. The method of checking funds in the past was rather complicated. Oftentimes, the quota did not change for several years. This resulted in the contradiction between "live production and inflexible quota." The method of checking and ratifying the rate of funds from sales income is simpler, and assessment can be carried out once a year, which can meet the needs of production development and expansion of circulation. The method of assessing the funds turnover of an enterprise with the rate of funds (raised) from sales income is better than using the method of the rate of output funds. This is because the increase in the output value of an enterprise is not equivalent to the marketability of a product. Using the rate of funds from income from sales as an assessment not only requires the enterprise to increase production, but also requires the products to be marketable, thereby satisfying the needs of society. Using the rate of funds from sales income as an assessment, generally speaking, is better than using the rate of funds from sales cost. This is because, if the product cost is low, then the utilized funds are little, the funds turnover is fast, and it will be favorable to promoting the enterprise in economizing raw materials and lowering cost. If the enterprise uses the same kinds of raw materials to produce products that are of good quality and high value, then it will obtain more income from sales, and the fund turnover will be even faster, which will be favorable to promoting the upgrading escalation and updating of products, and to creating even greater wealth for the country.

Second, make use of interest rate as a lever to encourage the advanced and urge on the backward. The interest rate of loans, high or low, plays an important role in regulating the direction of investment of an enterprise and promoting the enterprise in economizing funds. In the future, the bank should give further play to the role of interest rate as a lever, take into consideration the situation of the use of loans and funds turnover of an enterprise, and implement different

interest rates. It should also link together the interest payment, high or low, of the enterprise to the degree of economic results, so as to truly attain the goal of awarding the outstanding and punishing the inferior, and encourage the enterprise to use the funds rationally. At the same time, in light of the state's economic policies, the bank must implement preferential interest rates for enterprises and products which are encouraged to develop and yet have a relatively low level of profitmaking, and raise the interest rates for enterprises and products that are to be discouraged from developing. In this way, it will encourage the enterprises to develop production in accordance with the demand of the state plans.

Third, it is necessary to give full play to the role of credit personnel. The bank credit personnel have dealings with the enterprises all year round, and are relatively familiar with the enterprises' production, supply and sales. They are situated on the forefront of managing circulating funds. We need to rely on them to handle the large volume of work. In order to manage circulating funds well, we must strengthen the ideological construction, construction of working style and organizational construction of the rank of credit personnel. This includes consolidating the personnel, carrying out training, raising the quality in politics and business and establishing the system of responsibility at one's work post so as to give better play to their role.

The reform of the system of managing circulating funds for the enterprise involves a broad area, is tantamount to policy, and involves a situation that is relatively complex. We must actively but discreetly carry out this work. We must carry out well and in a down-to-earth manner the pilot points in managing circulating funds, obtain experience in practice, carry out our work by stages and in groups, and study and solve problems without delay in the process of implementation, and attain the expected results in this reform.

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## FINANCE AND BANKING

### SITUATION SINCE UNIFIED MANAGEMENT OF CIRCULATING FUNDS DISCUSSED

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pp 4-5

/Article by Shen Jingrong /3088 2529 2837/: "The New Situation and New Tasks Since the Unified Management of Circulating Funds"

/Text/ The State Councils' decision on letting the people's bank manage in a unified manner the circulating funds of the state-run enterprises has further expanded the power of the bank in managing and supervising circulating funds, organically integrated the supply of funds with the management of funds, made it favorable for giving play to the role of the bank as a lever in developing the economy and renovating technology, and encouraged the enterprises to raise economic results. This decision is a major reform in the system of management of circulating funds, and is an important duty which the state has entrusted to the bank under the new situation.

#### The New Changes Since the Unified Management of Circulating Funds

Since the bank has managed in a unified manner the circulating funds of the state-run enterprises, it has brought about many new changes in banking work:

First, changes have taken place in the scope of work. The bank has changed from only implementing credit management over the loaning enterprises to carrying management over all the circulating funds of state-run enterprises that are nonloaning enterprises. That is to say, the bank will manage all the circulating funds of the state-run enterprises, which include the original state-appropriated funds, the funds which the enterprises themselves supplement, bank loans and the funds for use without repayment among enterprises; will manage the utilization of all the funds, including the quota circulating funds of the enterprises and the nonquota circulating funds; and will manage the circulating funds of both the loaning enterprises and the nonloaning enterprises so as to attain the goal of integrating the supply and management of funds.

Second, changes have taken place in the content of work. The bank will change from primarily managing credit funds to managing in a unified manner all the circulating funds of the enterprises. It not only will formulate a system of management for credit funds, but will also formulate the system of management for circulating funds, check and ratify the plans for circulating funds, assess the results of the circulating funds and examine and handle the losses and profits of the circulating funds. That is to say, the bank will accomplish the goal of integrating the functions of economic measures and administrative management.

Third, changes have taken place in the system of management. To raise the results of the use of circulating funds, besides letting the bank strengthen unified management over the circulating funds and relying on the departments in charge of the enterprises to manage properly the circulating funds, we need the coordination of the reform of the systems of planning, finance and taxation, and commerce and materials supply and their integration with the comprehensive management of the various departments.

Fourth, changes have taken place in the mode of work. The bank not only will make use of such measures as credits, accounts and cash to serve production and circulation in a better manner, but will also make use of administrative measures to organize the enterprises to realize the demands made by the party and state with regard to the management of circulating funds. When the position of the bank in work changes, the mode of work also should change. The bank must integrate credit service with credit supervision.

#### Set Up a System of the Unified Management of Circulating Funds

In order to adapt to the new changes in the management of circulating funds, the people's bank must emphasize the establishment and perfection of the system of management of circulating funds and further give play to the functional role of the people's bank.

1. Draw up and assess the plan for circulating funds. Besides the comprehensive credit plan which the bank has drawn up, there are no unified plans and strict assessments for circulating funds as a whole when the financial department and the bank are separately managing circulating funds. After the bank has instituted unified management over circulating funds, the main office of the people's bank must, in accordance with the demands of the plans for developing the national economy, draw up a plan for the circulating funds of the enterprises throughout the country, send it in to the State Planning Commission and include it in the state plans. In addition, in accordance with the plans approved by the state, it will put forth the targets of the fiscal plan for the turnover of circulating funds by separate districts and separate departments, dispatch these targets as command-style targets to the various districts and departments to

be implemented by them accordingly. The enterprises and departments in charge of the enterprises must report as scheduled to the banks where they have made deposits or to banks of the same level the plans for circulating funds of their own units or departments. The people's banks of the various provinces, municipalities and autonomous regions as well as their basic-level units should, in accordance with the demand of the main office, draw up for and report to the main office or higher level banks the means for circulating funds of their own districts or separate departments. In this way, a system of managing circulating funds from the higher to the lower level will be established and perfected, which will ensure from the macroeconomic point of view the overall balance in finance, credit and materials and ensure from the microeconomic point of view economizing in the use of funds.

II. Unify and examine the final accounting of the enterprise's circulating funds. It is unavoidable for the enterprise to incur some losses in production and business. But because we have not remedied these losses according to concerned regulations over a long period of time, we have brought about the use without repayment of a large amount of circulating funds. In particular, of special note is that certain enterprises and departments have taken the treatment of property loss or profit as a measure to readjust the enterprise's profit. When an enterprise obtains surplus profit, in order to share more profit, it does not handle its property losses. When it fails to fulfill its revenue, it again cancels its arrears of losses after verification. This way, not only is the use without repayment of circulating funds not done honestly, but fraudulent financial revenue is brought about. In light of previous experiences, to do a good job of managing circulating funds, the bank must have in hand the power to handle property losses and profits.

III. Formulate in a unified manner the policies and systems regarding circulating funds. For instance, in the past, the property losses of an enterprise were checked and approved by the financial department, and solved by means of writing off one's own funds. In the future, the limits of authority in managing the write off of one's own funds will be concentrated on the bank. The bank can take into consideration the actual situation of each department and formulate methods of handling property losses. In order to implement the demand of the State Council to ensure the integrity of circulating funds, we must concentrate the limits of authority in formulating and explaining the policies regarding circulating funds on the main office of the people's bank.

#### Several Tasks in Managing Circulating Funds in a Unified Manner

The work of managing circulating funds in a unified manner is a complex one. It is tantamount to policy and extremely difficult. We may still have difficulty instituting overall management all at once. In accordance with the demand of the State Council and the planning of the main office, currently, we must emphasize the following three tasks properly:

First is to launch ideological work well. Most comrades agree with the idea of letting the bank manage circulating funds in a unified manner. But there are also some comrades who are worried about the bank's ability to shoulder this task. For this, the bank should organize internally concerned comrades to conscientiously study the State Councils' decision on the unified management of circulating funds by the bank, raise their understanding and unify their thinking. In society, we must also carry out widespread publicity. In particular, we must let the enterprises and the departments in charge of the enterprises understand the meaning, steps and methods of unified management of circulating funds by the bank, and do a good job of meeting the demands of this reform.

Second is to do our vocational work well. The banks of various localities must take into consideration the different demands of the main office in carrying out work "in all areas" and "at key points." In the work "in all areas," we must first rationally solve the needs of the circulating funds in the newly built enterprises. Second, we must do a good job in sorting out two things: Sort out and ratify the figures of circulating funds; and sort out the "exaggeration" in the enterprise's material reserve. After sorting these two things out, the bank where an account is opened and the financial department or enterprise will sign a handover chart. We must also check and ratify the enterprise's circulating funds planned utilization amounts or the limit of turnover reserves, then implement and accelerate the quota for turnover and determine the amount of loans and use this as the basis for checking and ratification. Last, we must establish and perfect the system of monthly, quarterly and annual statistical reports on circulating funds. The work "at key points" will primarily emphasize the regulation of circulating funds appropriated by the state for a region or a trade; the establishment of a system for different enterprises to supplement their own circulating funds; the summing up of the experiences in handling the "exaggeration" of the material reserve of an enterprise; the proper management of circulating funds by enterprises which do not have loan relations; and the proper grasp of the system of use with repayment of state-appropriated funds. All this must be probed in practice and resolved one by one.

Third is to do a good job of organizational work. The banks in charge at various levels must take into consideration the demand for unifying management of circulating funds, carry out corresponding organizational reform and substantiate their credit personnel. At present, they must attach importance especially to stepping up the training of credit personnel and continue to replace old knowledge with new in order to meet the needs in work.

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## FINANCE AND BANKING

### INDUSTRIAL, COMMERCIAL BANK TO OPEN 1 JANUARY

OW281236 Beijing XINHUA in English 0736 GMT 28 Dec 83

[Text] Beijing, 28 Dec (XINHUA)--A new monetary institution, the Industrial and Commercial Bank of China, will be officially inaugurated on 1 January 1984, according to a State Council decision.

The bank will take over the commercial role of the People's Bank of China which now exercises only the functions of a central bank. Operating directly under the State Council and in line with the laws, decrees and policies of the state, the new bank is designated to attract funds, support industrial development, facilitate commodity flow, promote technological advance and strengthen credit control.

The new bank will handle savings deposits from individuals as well as from organizations in cities and towns. It will manage circulating funds for state-owned industrial and commercial enterprises and grant loans to state-owned, collective and individual industrial and commercial enterprises in cities and towns. The bank will also manage funds used by industrial and commercial enterprises and their supervising departments for technical transformation.

Also covered in the bank's business scope are agency, consulting, leasing and other trust business services, settlement of accounts, economic surveys and information, and cash management and wage fund supervision on behalf of the People's Bank of China.

Zhu Tianshun has been appointed the new bank's chairman of the board. Chen Li will be president and Zhang Xiao, Tian Tongwu and Yun Zhihai, vice presidents.

[Beijing XINHUA Domestic Service in Chinese at 0149 GMT on 28 December carries a report on the opening of the Industrial and Commercial Bank of China which makes possible the following confirmation of the names of the three vice presidents: Zhang Xiao [1728 5135], Tian Tongwu [3944 0681 0063], Yi Zhihai [1438 1807 3189]].

CSO: 4020/49



## FINANCE AND BANKING

### BRIEFS

HEBEI PROVINCIAL REVENUE--The amount of revenue in Hebei Province by 10 December was 3,439 million yuan, or 103.2 percent of the budget revenue estimated at the beginning of this year, and was 12.2 percent more than in the same period last year. The province overfulfilled its 1983 quota for revenue collection by 106 million yuan 20 days ahead of schedule. Of 140 counties in 18 prefectures and cities, 70 counties in 14 prefectures and cities overfulfilled the 1983 quotas assigned by the province ahead of schedule. The province's gross industrial output value from January to November was 9.3 percent more than in the corresponding period last year. Of the gross industrial output value, light industrial output value increased by 10 percent. The amount of retail commodities was 14 percent more than in the same period last year. [Summary] [HK281516 Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 15 Dec 83 HK]

JILIN COMMERCIAL TAX REVENUE--As of 21 December, Jilin Province had received 1,401,730,000 yuan of industrial and commercial tax revenue, overfulfilling the state plan by 9.5 percent, showing an increase of 13.6 percent over the corresponding 1982 period. By the end of November, tax revenue from heavy industry increased 72.86 million yuan, or 16.1 percent; that from light industry, increased 2.99 million yuan; that from commercial, communications and service trades, increased 21.69 million yuan, or 13.6 percent, over the corresponding 1982 period. [Summary] [Changchun Jilin Provincial Service in Mandarin 1030 GMT 25 Dec 83 SK]

HEILONGJIANG REVENUE--Heilongjiang Province has satisfactorily implemented its 1983 budget plan. As of early December, the province had overfulfilled by 30 million yuan its local revenue quota 20 days ahead of schedule. Compared with the corresponding 1982 period, the increase was 15.5 percent. As of early December, the province had fulfilled 97.8 percent of its annual industrial and commercial tax quota, showing an increase of 140 million yuan over the same 1982 period. [Excerpts] [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 23 Dec 83 SK]

QINGHAI PROVINCIAL REVENUE--Qinghai Province overfulfilled its 1983 quota for revenue collection by 11.5 percent, 1 month ahead of schedule. According to statistics compiled by the provincial finance department, the amount of revenue in the province by the end of November had reached 129.09 million yuan and was 11.23 million yuan more than in the same period last year. Industrial enterprises and supply and marketing departments had overfulfilled their 1983 quotas for tax payment 1 month ahead of schedule. Xining City and Hainan and Haibei Autonomous Prefectures had overfulfilled their 1983 quotas for revenue collection 1 month ahead of schedule. [Summary] [HK281518 Xining Qinghai Provincial Service in Mandarin 1100 GMT 16 Dec 83 HK]



SHAANXI PROVINCIAL REVENUE--The financial situation in Shaanxi Province has further improved since the beginning of this year. By the first 10 days of December, the province had overfulfilled its 1983 quota for revenue collection ahead of schedule. The amount of revenue by this period was some 120 million yuan more than in the same period last year, an increase of 9.71 percent. Industrial and commercial taxes steadily increased. Industrial enterprises overfulfilled the 1983 quotas for submitting profits to the state ahead of schedule. Of 10 prefectures and cities throughout the province, Ankang Prefecture suffered serious floods and its production dropped, and the others fulfilled their 1983 quotas for revenue collection relatively well. Of [word indistinct] Hanzhong, Shangluo, Yanan, and Weinan Prefectures and Tongchuan City fulfilled their 1983 quotas for revenue collection 1 month ahead of schedule. [Summary] [Xian Shaanxi Provincial Service in Mandarin 1130 GMT 15 Dec 83 HK]

GUANGDONG INDUSTRIAL, COMMERCIAL TAXES--By 11 December, Guangdong Province had deposited industrial and commercial taxes of 35.2 billion yuan into the treasury and had fulfilled its 1983 quota for collecting industrial and commercial taxes 20 days ahead of schedule. The amount of industrial and commercial taxes collected in this period was some 330 million yuan more than in the corresponding period last year. Hainan Li-Miao Autonomous Prefecture; Guangzhou, Foshan, Shenzhen, Zhuhai, and Maoming Cities; and 32 counties had fulfilled their 1983 quotas for tax collection. The tax from heavy industry this year increased by 18 percent, the tax from light industry increased by 11 percent, and the taxes from communications and the service trade increased by 7 percent. [Summary] [HK281512 Guangzhou Guangdong Provincial Service in Cantonese 0030 GMT 16 Dec 83 HK]

NEI MONGGOL TAX REVENUE--As of early December, Nei Monggol Autonomous Region overfulfilled the annual target for industrial and commercial tax revenue by 1 percent, an increase of 9.8 percent over the corresponding 1982 period. Since the beginning of the year, sustained progress has been made in the region's industrial and communications production. By the end of November, the total output value of industrial and communications enterprises increased by 10 percent over the corresponding 1982 period, thus, opening up more tax resources for tax revenue work. Meanwhile, the tax revenue from heavy industrial enterprises and from light and textile industrial enterprises increased by 15 and 1.1 percent respectively over the corresponding 1982 period. The tax revenue from commercial and service trades and from the selling of agricultural sideline produce increased by 15 and 20.3 percent respectively. [Excerpt] [SK220104 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 19 Dec 83 SK]

NATIONAL TREASURY BONDS--Beijing, 18 Dec (XINHUA)--According to statistics compiled by the Ministry of Finance as of the end of November, sales of national treasury bonds had totalled 4.08 million yuan, overfulfilling this year's plan by 2 percent. This is the third successive year in which the plan had been overfulfilled since China began to issue national treasury bonds in 1981. [Summary] [Beijing XINHUA Domestic Service in Chinese 0110 GMT 18 Dec 83 OW]

TREASURY BOND PURCHASE--Beijing, [date indistinct] (XINHUA)--China's national yearly quota for purchasing treasury bonds had been topped by the end of November this year, according to the Ministry of Finance. State and collective units as well as individuals in China had purchased bonds amounting to 4,082 million yuan, two percent more than the 1983 target, by November 30. Central party and government departments, enterprises and mass organizations purchased 538 million yuan in bonds, topping their quotas by 34.5 percent. Units of the Chinese People's Liberation Army bought 158.58 million yuan worth, exceeding quotas by 58.6 percent. The bonds were issued at the beginning of this year to raise funds for energy, transport and other major development projects. National yearly quotas for purchasing treasury bonds have been met since 1981, when the bonds were first issued, the spokesman said. [Text] [OW190720 Beijing XINHUA in English 0630 GMT 19 Dec 83]

GUANGDONG FINANCIAL INSPECTION--The province has achieved good results in financial and economic inspections. By the end of November, some 199 million yuan involved in cases in violation of financial and economic discipline have been ascertained. This will add some 107 million yuan to state income. Some 58 million yuan have already been put in storage. With the adding of some 57 million yuan in the first half of this year, a total of 115 million yuan have been submitted to the state this year. The current financial and economic inspection started in October, and two groups have been dispatched by the provincial government to state-run enterprises, collective enterprises, and individual industry and commerce operations to conduct the investigations. The provincial government has decided to extend the investigation period until the Spring Festival [Summary] [Guangzhou Guangdong Provincial Service in Cantonese 1130 GMT 14 Dec 83 HK]

GUANGDONG FINANCIAL DISCIPLINE MEETING--On the evening of 14 December, the provincial government held a telephone conference to review the situation in the province in conducting inspection of financial and economic discipline. Provincial Governor Liang Lingguang and Vice Governor Yang Deyuan made speeches. Principal leading comrades of units directly under the provincial government and of all cities, prefectures, and counties attended the conference. The conference fully affirmed the achievements the province had made in conducting inspection of financial and economic discipline. The conference disclosed that as a result of conducting inspection of financial and economic discipline, by the end of November, the province had increased its financial income by about 100 million yuan, of which over 50 percent had been put in storage. The conference revealed that some serious economic crimes had been exposed. The conference also made arrangements for continuously conducting inspection of financial and economic discipline. [Summary] [HK27024 Guangzhou Guangdong Provincial Service in Cantonese 0030 GMT 15 Dec 83 HK]

CSO: 4006/196

## MINERAL RESOURCES

### BRIEFS

**YUNNAN PHOSPHORUS DEPOSITS**--Kunming, 19 Dec (XINHUA)--Five phosphorus deposits with a total reserve of four billion tons have been discovered near Kunming, capital of Yunnan Province, the local geological and mineral resources bureau announced. The shallow deposits are easy to mine and transportation facilities are available in the area, the bureau said. Yunnan is one of China's principal phosphorus producers, known for its high-grade ore. [Text] [OW191136 Beijing XINHUA in English 1127 GMT 19 Dec 83 OW]

**QINGHAI MINERAL DEPOSITS**--Xining, 18 Dec (XINHUA)--Additional potassium deposits have been discovered in the northwest part of the Qaidam basin, known as a "treasure bowl" for the variety and quantity of its mineral and other resources. This is the second large zone of potassium deposits found in Qaidam, officials of the provincial geological bureau said. The first is at the Qarhan salt lake on the southern fringe of the basin, where verified reserves of potassium chloride accounts for 97 percent of the nation's total. Other latest discoveries include a gold deposit and two zones rich with wollastonite, an indispensable material for ceramic production, officials said. Geological prospecting in the Qaidam basin began in 1954, resulting in the discovery of the world's largest rock salt deposits--50 billion tons--and China's biggest deposits of long-fiber asbestos. [Text] [OW180830 Beijing XINHUA in English 0809 GMT 18 Dec 83 OW]

CSO: 4020/49

## INDUSTRY

### ELECTRONICS INDUSTRY THRIVES IN FUJIAN PROVINCE

OW272022 Beijing XINHUA in English 1445 GMT 27 Dec 83

[Text] Fuzhou, 27 December (XINHUA)--Fujian Province in east China has topped its annual electronics production quota by 2.4 percent two months ahead of schedule.

The industry's total output this year is valued at 320 million yuan (about 160 million U.S. dollars), jumping from the 16th place in the nation to the eighth, officials of the Fujian Provincial General Electronics Industry Company said.

The province has exported electronic products worth 7.85 million U.S. dollars this year, an increase of more than 300 percent over 1982.

Officials credited the achievement of the flow of technical information available in this coastal province and the flexible policy which allows direct import of advanced foreign equipment and technology.

Fujian started the industry in early 1970s and today has 108 electronics factories, 4 research institutes, 3 special electronics companies and 3 joint venture companies, staffed with more than 20,000 workers and 1,500 technicians. They produce television sets, radio-cassette players, radios, electronic computers, cameras, optic instruments and radio components. Its annual production of 1.2 million mini-calculators accounts for one-fifth of the nation's total.

In addition, officials said, Fujian has cooperated with other provinces in developing new products and expanding production.

The Fujian branch of the China Computer Technical Service Company has offered training courses on operation and repair of micro-computers for users throughout China.

CSO: 4020/051

## INDUSTRY

### CHINA DEVELOPS SHIPBUILDING INDUSTRY

HK110248 Beijing CHINA DAILY in English 11 Dec 83 p 4

[Article by Yu Haixia: "Rapid Development Characterizes China's Shipbuilding"]

[Text] While the world shipbuilding industry slides into a slump, Chinese shipyards are busy filling orders for ships.

Last year, the China State Shipbuilding Corporation accepted orders for 250 ships totalling 2,566,000 tons.

By the end of 1982, China won foreign contracts for ships at 900,000 tons, including 34 ships larger than 10,000 tons.

They included bulk carriers, container ships, engineering ships and offshore drilling rigs for customers in Hong Kong, Singapore, Romania, the United States, Federal Germany, Italy and Norway.

The quality of Chinese-built ships has been internationally recognized by shipbuilding experts.

China's shipbuilding industry began as a repair and replacement business. Until 1980, the industry's main market was domestic. In the past 30 years or so, it built nearly 10,000 vessels, including more than 100 ships of the 10,000 tons class. When China launched its carrier rocket in the Pacific Ocean in May, 1980, the mission was completed with ships produced in China.

To develop its shipbuilding industry, China set up the China State Shipbuilding Corporation in May last year to coordinate the nation's efforts for shipbuilding.

The corporation has branches in Shanghai, Quanzhou and Tianjin. The local branches have the authority to hold trade negotiations and conclude import and export deals directly with customers.

To ensure quality, the shipyards adhere strictly to international standards. Not only the completed ships but also the materials are examined by world-famous classification societies. Workers are rigorously trained and prove to be qualified.

## INDUSTRY

### BRIEFS

**INDUSTRIAL ENTERPRISE RETOOLING TO CONTINUE**--Beijing, 10 December (XINHUA)--China will allot 29 billion yuan (about 14.5 billion U.S. dollars) for retooling its industrial enterprises in 1984, 3 billion yuan more than in 1983. The funds will be used to upgrade product quality and reduce the consumption of fuel and raw and processed materials, and improve the economic efficiency of enterprises, according to a front page report in today's ECONOMIC INFORMATION. The journal quotes a senior economic official as saying that in 1984, China will continue to upgrade the existing state centers for testing the quality of industrial products. Beginning 1984, said Vice Minister Zhu Rongji of the State Economic Commission, international technical and quality standards would be applied to all industrial products recommended for state awards and development, except for some items of traditional Chinese products. China will concentrate next year on the technologies of 60 major industrial products, while working for wider application of 40 important scientific research results. China will continue to import foreign technology next year, laying emphasis on introducing advanced technical know-how and while also importing key equipment, Zhu said. [Text] [OW102128 Beijing XINHUA in English 1439 GMT 10 Dec 83]

**INDUSTRIAL STANDARDIZATION IN 1984**--Beijing, 23 December (XINHUA)--China plans to adopt 10,000 state industrial standards by 1987, including 6,000 international standards practised in the last 1970's or early 1980's. Zhong Ming, deputy director of the State Administration of Standards, told a national standardization seminar held earlier this week in Chongqing, Sichuan Province, that China is promoting standardization as part of its efforts to streamline industrial production and improve the quality of its manufactured goods. Beginning from 1984, industrial products will have to meet international standards to be awarded state gold or silver quality medals. [Text] [LD232053 Beijing XINHUA in English 1430 GMT 23 Dec 83]

**SHANGHAI SHIPBUILDING RECORD**--Beijing, 10 December (XINHUA)--Shanghai, China's principal shipbuilding center, built a record tonnage surpassing 300,000, according to the Shanghai Shipbuilding Industrial Corporation. Ninety percent of the ships were for export. Shanghai plans to build 33 ships, mostly ocean-going freighters, with a total tonnage of 570,000 for domestic shipowners in 1984. Construction of some may begin this year. Shanghai's shipbuilding accounts for more than half of the country's total. The city has stepped up the pace of importing equipment and technology since China adopted an open policy. Shanghai-built ships now are up to international standards. The 36,000-ton and 27,000-ton bulk carriers and 12,300-ton container ships were awarded gold medals by the state. [Text] [OW101440 Beijing XINHUA in English 0707 GMT 10 Dec 83]



While putting the existing equipment to good use, the corporation has energetically imported advanced equipment such as digital cutters. It has contracted to introduce new technology from Switzerland, Denmark, the United States, Federal Germany, France and Japan, and has signed agreements to produce some of their products independently or jointly. Shipyards, including the 84-year-old Dalian Shipyard, one of China's top export ship producers, are undergoing technical renovation.

#### Exchanges

The corporation has technical cooperation and exchanges with world-famous shipbuilders. It has signed mutual technical inspection agreements with Lloyd's Register and relevant organizations of France, Norway, Federal Germany, the democratic People's Republic of Korea, Poland, Romania, Yugoslavia and the Soviet Union. Its Shanghai branch has entered into technical and business contact with firms and companies in more than 20 countries and regions.

To further expand the export business, the corporation has decided to introduce deferred payment and payment on consignment. The shipyards will install equipment of world-famous brands produced in China under license, products provided by ship buyers or products of foreign firms designated by the customers. In addition, the corporation will set up service centers in Hong Kong and China's coastal harbours to provide maintenance for the exported ships.

While expanding its shipbuilding industry, China has also made great efforts in the construction of docks and the development of marine transportation.

In the past 10 years, it has built more than 50 new docks for bulk cargo, sundry goods, oil and passenger transportation, which have helped increase the handling capacity of major coastal harbours from 130 to 230 million tons.

According to a Beijing-published magazine HAIYANG (The Ocean), another 12 deep-water docks are expected to begin operation this year.

Container docks have been built at Tianjin, Huangpu and Shanghai harbours, and Dalian and Qingdao harbours have been rebuilt to handle containers. In 1982, China's coastal harbours handled 160,00 standard containers and 1.15 million tons of cargo.

China now has an ocean fleet of more than 500 vessels, totaling 10 million dead-weight tons. Marine transportation now links China with 400 harbours in more than 100 countries and regions as against a dozen harbours in seven countries and regions in 1961.

River Transportation has also seen a big development. In 1950, 97 percent of the cargo was handled by sailboats. Now, motorized boats and barges carry 88 percent of all inland river cargo. In 1982, total cargo handled reached 290 million tons, almost eight times that of 1952.

## CONSTRUCTION

### ZHONGGUO XINWEN SHE LAUDS NEW QINHUANGDAO WHARF

HK230706 Beijing ZHONGGUO XINWEN SHE in Chinese 1523 GMT 22 Dec 83

[Commentary by reporters Zhou Jisheng [0719 4949 0524] and Tian Huiming [3944 1920 2494]: "Energetically Build Coal Mines, Railways, and Ports; There Is Hope of Vitalizing China's Economy--ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 22 Dec (ZHONGGUO XINWEN SHE)--Today, the first phase of the 10-million-ton capacity coal wharf formally goes into operation in Qinhuangdao Port.

Two days ago, the double-track railway between Beijing and Qinhuangdao was completely opened to traffic.

The construction of the second phase of the coal wharf in Qinhuangdao Port is being speeded up and will be put into operation at this time next year. The construction of the third phase of the coal wharf will begin soon.

Development has already begun on China's first double-track electric railway linking Datong and Qinhuangdao.

China's economic leaders are making arrangements for the implementation of an economic policy decision of strategic significance: the energetic construction of coal mines, railways and ports in order to vitalize China's economy.

China has rich coal resources in its Shanxi, Nei Monggol, and Shaanxi areas. However, in its densely industrialized southeastern coastal area, there is a shortage of energy resources. According to the estimates of some specialists, if the northwest can carry out 10 million more tons of coal to the southeast, about 20 billion yuan of additional output value can be created, thus adding 4 billion yuan to the state revenue. Therefore, satisfactorily fulfilling the task of "transporting out Shanxi's coal" becomes an important link in China's economic construction.

Shanxi has one-third of China's coal deposit and its annual coal output is 140 million tons. At present in Shanxi, five new mines are on the state's list of key projects and their construction is being speeded up. Moreover, construction

of a few large open-cut coal mines is being planned in Shanxi and Nei Mongol. The sharp increase in coal production capacity has given rise to a new problem for the communications departments. Obviously, in order to transport out coal, it is unavoidable that railways must be built on a large scale.

The present situation is that the Datong-Beijing double-track railway is undergoing electrification. The double-track between Beijing and Qinhuangdao has already been laid and the electrification project has already begun and is expected to be completed in 1985. Thus, a double-track electric railway will link the coal-mining center of Datong with Qinhuangdao and become a trunk channel for carrying Shanxi's coal to the north. At the same time, the channels for carrying Shanxi's coal to central and southern China are also being constructed on a large scale. However, this is not enough. There are plans to build an additional channel, namely another Datong-Qinhuangdao railway to carry coal to the north. The design capacity of this channel will be as great as 100 million tons. Chinese Premier Zhao Ziyang has instructed that the Datong-Qinhuangdao railway is a project of very vital importance, and that if tens of millions of tons of coal are transported to Qinhuangdao, the major portion of China's situation will be vitalized.

The arrival of a large amount of coal in Qinhuangdao forces the port to correspondingly increase its loading capacity. The port's coal wharf at present falls far short of demand. Now the first phase of the project has already been completed and the second phase is expected to be completed next year. Added to the existing coal wharf, the total coal-handling capacity of the port will rise to 50 million tons. Now we are going to start a third phase of the project, which is expected to be basically completed in 1988. By the 1990's, the coal-handling capacity in Qinhuangdao port will rise to 100 million tons. As a result, a balance will be made between coal production, railway transportation, and port capacity and thus the predictions of the specialists mentioned above will finally be realized and our economic development will be favorable.

While carrying out the construction of the above-mentioned projects, the state has also taken into consideration the shortage in unloading capacity in the ports along the southeast coastline. It will build coal-unloading wharves there on a large scale in order to satisfy the demand for berths for various kinds of ships and the demand for unloading coal. These four links form an integrated project and they are being developed simultaneously.

From the above we can see that we have already prudently considered and arranged all the major work tasks related to the strategic policy decision on economic development centered on coal. We cannot say our plan is free from defects, but there will not be any big errors. The abundant outflow of Shanxi's coal will not only hopefully vitalize China's relevant economic sections that use the coal from the north as their source of power and raw materials, but will also open up a new prospect for developing coal exports.

## CONSTRUCTION

### INDUSTRIAL CITIES, TOWNS EMERGE IN QINGHAI

OW221132 Beijing XINHUA in English 0857 GMT 22 Dec 83

[Text] Xining, 22 December (XINHUA)--Six industrial cities and towns with a combined population of 200,000 have been built in Qaidam Basin, now being developed as a major mining center in northwest China's Qinghai Province.

Three decades ago, the only inhabitants in Qaidam were some 10,000 nomadic herdsmen of minority nationalities. The basin has an area of 240,000 square kilometers, about the size of the United Kingdom.

A spokesman for the Qinghai Provincial Government described the new towns and cities as an indicator of the successful effort to develop the area known in China as a "bowl of treasures" for the quantity and variety of its mineral resources. The move, which began in early 1950's, is being intensified following party leader Hu Yaobang's inspection tour of the province last July, the spokesman said.

The new cities and towns produce oil, asbestos, borax, lead and zinc ores, building materials and potash fertilizer. They also have motor vehicle repair works and machinery factories, he added.

Golmud, the terminal of a new railway running across the Qaidam Basin from Xining, the provincial capital, is now the province's second largest city. The city, which has a population of 120,000, now has 34 cinemas and theaters, a 23-hectare park and other public facilities.

The new cities lay a "solid foundation for Qinghai's future economic boom," as Hu Yaobang urged during his inspection tour, the spokesman said.

The Qaidam Basin has the world's largest rock salt deposits, with verified reserves of 50 billion tons, and China's largest long-fiber asbestos deposit.

CSO: 4020/051

## CONSTRUCTION

### HEILONGJIANG COMPLETES 14 STATE PROJECTS

SK311200 Harbin Heilongjiang Provincial Service in Mandar... 9 GMT 30 Dec 83

[Excerpts] The construction of 14 big and medium-sized projects for which the state has demanded complete or partial operation in the province this year has been completed and they have been put into operation in succession. Among these 14 projects, the state demanded full operation for 4 and partial operation for 10. The Heilongjiang chemical works and the Bin County sugar refinery, which were planned for full operation, have been put into operation ahead of schedule. The seven projects which were planned for partial operation this year, including the continued projects of the Fulairji No 2 power plant's 200,000-kw generating units, the Hegang small open-cut mine, the Dongfanghong Forestry Bureau, the (Shanhe) Forestry Bureau, and the (Hebei) Forestry Bureau, and the winding-up project of the Harbin textile dyeing plant, have all been completed. The projects which were planned to be completed this year, including the Qiqihar paper mill, the (Jiaying Tuanjiegou) gold mine, and the development of Daqing oilfield, the ethylene raw material project, the expansion of the Da Hinggan Ling forestry region, and the multiple tracking of the Binzhou railway, were all completed or put into operation prior to the end of the year. After the realization of these projects, the province will increase the annual crude oil production capacity by 3.05 million tons, power generating capacity by 228,000 kw, and the raw coal production capacity by 330,000 tons.

Calculated in terms of actual production capacity, these projects will bring 568 million yuan more production value and 233 million yuan more accumulation, playing an important role in supporting the state construction and enlivening the province's economy.

CSO: 4006/197

## CONSTRUCTION

### BRIEFS

**LIAONING BILIUHE PROJECT COMPLETION**--Started in November 1981, the project to divert Biliuhe River water to Dalian city was completed in Liaoning recently. This project involved a 166.92 kilometer-long conduit, 8 pressurized stations, 7 substations, and 1.169 million cubic meters of earthwork. Some 12,500 workers, peasants, and soldiers participated in this project. Some 300,000 tons of water will be diverted from the Biliuhe reservoir to Dalian city daily. A meeting to mark the completion of this project was held in Dalian city on 27 December. (Zhang Huairui), deputy commander of the Shenyang PLA units and commander of the Dalian garrison district, and Hu Yimin, first secretary of the Dalian city CPC committee, cut ribbons for the ceremony. [Summary] [Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 27 Dec 83 SK]

**SHANDONG CAPITAL CONSTRUCTION**--The capital construction front of Shandong Province has fulfilled all construction plans. As of the end of November, 27 large and medium-sized projects, under construction and centering on energy and transport, fulfilled 1.23 billion yuan of investments, amounting to 69 percent of the province's total. The construction of the five key state projects in our province, including the Yanzhou-Shijiusuo Railway, the Shijiu Harbor, the multiple-track project of the Jiaozhouwan-Jinan Railway, the Yanzhou Coal Base and Yantai Synthetic Leather Plant, is in full swing and has good construction quality. As of the end of November, the five projects fulfilled 760 million yuan of accumulated investments. [Summary] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 18 Dec 83 SK]

**SHANDONG RESIDENTIAL CONSTRUCTION**--Over the past 5 years, Shandong Province has built 26.2 million square meters of residences and about 470,000 households have moved to new houses. Per capita housing space in urban areas has increased from 3.7 square meters in 1978 to the present 4.9 square meters. In 1981, construction of marketable residences had begun in some urban areas. By the end of 1983, construction of marketable residences totaling 600,000 square meters was completed and all of them have been sold. Over the past 5 years, some 104 million yuan was invested in maintaining and repairing 6.03 million square meters of houses. [Summary] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 2 Jan 84 SK]



JILIN URBAN CONSTRUCTION--In 1983 Jilin Province made headway in urban construction. A total of 6.17 million yuan was invested in projects to solve water supply problems. As a result, the daily water supply capacity reached 115,000 tons and supply of tap water was made available to 37 counties and towns. Construction of residences with a total area of 2 million square meters was completed, providing new houses for 40,000 worker households. Per capita housing area in urban areas increased from 3.84 square meters in 1982 to 4 square meters in 1983. At the same time, the province built 400,000 square meters of asphalt roads and 6 bridges and culverts. The province also added 54 passenger transport vehicles, thus, increasing the passenger transport capacity by 13.3 percent over 1982. In addition, a total of 14.32 million trees were planted across the province. [Summary] [Changchun Jilin Provincial Service in Mandarin 1030 GMT 1 Jan 84 SK]

JILIN RURAL HOUSING--Since the 3d Plenary Session of the 11th CPC Central Committee, Jilin Province has greatly improved housing conditions for peasants. From 1979 to 1983, residential housing totaling 41.54 million square meters had been completed in rural areas, 707,000 peasant households had built new houses and 24 percent of peasant households had their housing conditions improved. Across the province, 228,000 peasant households were supplied with tap water and 13,000 peasant households were provided with marsh gas. [Summary] [Changchun Jilin Provincial Service in Mandarin 1030 GMT 1 Jan 84 SK]

SHAANXI KEY PROJECTS--This year, Shaanxi Province has speeded up the building of 56 key projects which were picked by the provincial government. Of the 12 projects which are required to be completed and put into operation this year, 9 projects will be put into operation or are likely to be put into operation by the end of this year. These nine projects include the Meixian County glass works, Xian clock and watch part factory, and the beer workshop of the Baoji alcohol plant. [Summary] [Xian Shaanxi Provincial Service in Mandarin 0500 GMT 30 Dec 83 HK]

JILIN RURAL HOUSING CONSTRUCTION--Housing conditions in rural areas of Jilin Province have been greatly improved. Up to the present, 747,000 peasant households have built new houses, 812 households have built multi-story houses, 228,000 households have had tap water to drink, and 13,000 households have used marsh gas. From 1979 to 1983, 41 million square meters of houses were built in rural areas of the province. By the end of 1982, 41,000 villages in the province had completed mapping out new village plans. After the implementation of the plans, 728,000 mu of cultivated land will be saved. [Excerpts] [SK042341 Changchun Jilin Provincial Service in Mandarin 2200 GMT 28 Dec 83 SK]

RURAL BUILDING MATERIALS' SUPPLIES--Beijing, 22 December (XINHUA)--China will increase supplies of building materials to rural areas in 1984, the "Chinese Peasant Paper" reported. The state will cut capital construction to save rolled steel, cement and other building materials for housing construction in the countryside. Provincial governments will also increase allocations of building materials for the same purpose, the paper said. The government has also called for better quality control of prefabricated concrete structures meant for rural areas, the paper added. Building materials are in short supply in the countryside, which is now experiencing a housing construction boom under China's new rural policy. About 5 percent of rural families moved into new houses every year over the past few years. Last year, new buildings with 600 million square meters of floor space were built in the countryside, the paper said. [Text] [OW221112 Beijing XINHUA in English 0651 GMT 22 Dec 83]

CHANGJIANG WATER DIVERSION PROJECT--Nanjing, 24 December (XINHUA)--Work has started on a pumping station at Huaiyin in northern Jiangsu Province, a project for the mammoth scheme to divert the Yangtze River water to the north to solve north China's water shortages. The station, scheduled for completion in 1985, is designed to install four pumping units, each with a capacity of 2,000 kilowatts. This is part of the first stage project to divert Yangtze River to the north along the ancient Grand Canal from Yangzhou in Jiangsu on the lower reaches of the Yangtze to the fertile plains in northern China. The first stage of work will improve the supply of water for industry and agriculture in northern Jiangsu and Anhui Provinces and southern Shandong Province. The section of the ancient Grand Canal from Yangzhou on the Yangtze to Jining in Shandong will be made navigable to facilitate the transportation of goods. [Excerpts] [OW241320 Beijing XINHUA in English 1202 GMT 24 Dec 83]

CS0: 4020/051

## DOMESTIC TRADE

### CONSUMERS' MARKET TRENDS EXAMINED

Shenyang SHI CHANG ZHOUBAO in Chinese 26 Jul, 2 Aug 83

/Article by Qian Junkai /6929 6511 7030/ and Wang Honghe /3769 7703 7729/:  
"Market Trends of Consumer Goods in 1983; Continuation of Article in  
this paper 15 August 1983/ /26 July 83 p 2/

/Text/ III. The Consumer Structure of Textile Goods is Changing From  
Cotton to Synthetic Fibers, and From Low-Quality to High-Quality

Because synthetic fibers possess the superiorities of being beautiful, durable, strong and color-fast, they have already by a large degree surpassed cotton cloth in dress apparel. After the adjustment in the price of textiles, we reduced the price parity between cotton and synthetic fibers, to accomodate present consumption levels, and the purchasing trend has changed direction from cotton to synthetic fibers. In February of this year, sales of polyester blend cloth totaled 209 million meters, an 86-million-meter and 69.4 percent increase compared to the total from the same period last year of 123 million meters; sales of cotton cloth totaled 395 million meters, a 172-million-meter and 46 percent decrease compared to the same period last year.

The people's demand for fashionable materials is growing higher and higher, and average low-quality materials are unable to satisfy needs. The Shenyang Joint-Operated Co in February of this year sold 18,000 meters of woolen cloth, a 3.7-fold increase over the same period last year. Further, 11,100 articles of woolen clothing were sold, a more than 21-fold increase over the same period last year. These circumstances illustrate that consumers' demand for clothing material has already increased.

#### IV. The Volume of Demand for Clothing Is Growing Larger, and Popular Fashions Are Decreasing

In looking at the market trends for the first quarter of this year, the trend of people's demand for clothing has changed direction from primarily the purchase of materials to mainly the purchase of finished products. In the past, the production of our citizens' clothes relied on "the family" and "the store:" people all purchased material at a store and made clothes themselves or went to a tailor to have them made.

At present, this style of clothes production is being replaced by "finished clothes;" many consumers like to go directly to the store and purchase finished clothes. Based on a relevant analysis of this trend, "finished clothes" will become an important method of future clothing production, and will cause clothing production to become more and more socialized, specialized and commercialized. This complies with the law of development of the commodity economy and is an indication of social, economic and cultural development. The good points of finished clothes are numerous: 1) they are convenient for the masses; 2) They economize on materials; 3) they are beneficial for modernized clothes production and the replacement of clothing; and 4) they can cause the employment of even more people.

At present, we are carrying out a clothing revolution, from the quality, design and color of material to its style, fresh and new developments have appeared with a hitherto unknown speed. In March of this year, the Beijing commercial system held its first "Spring Fashion Exhibition Sales Conference:" whichever fashions were new, stylish and brightly colored were in demand. Of the more than 800 varieties that the sales conference promoted, only 20 percent were in great demand, There was only a vague interest in a large portion of the exhibition products. Many of the people who have been in the business many years cannot grasp this new situation. They say that people's needs in clothing fashions change with each passing day, "in style" is reckoned by days, the clothing market is unpredictable, and old conventions and methods do not apply to the swift developments.

The clothing industry is already aware of the present market condition of the reduced period a style is in fashion. Thus, they are striving to develop new varieties so that the clothing market, faced with tremendous competition in the market, can uphold good sales and achieve victory through newness.

/2 August 83 p 2/

/Text/ V. Consumer Goods Are Changing From Economically Durable to Beautiful and Decorative

In the past, people selected their products for daily use considering quality and price as the most important factors in purchasing. Currently, people use such aspects as style, design and color, model, use and artistic quality to consider whether they should make a purchase. Following the replacement of products, this year new style commodities emphasizing high-quality, usefulness, beauty and uniqueness appeared in the market. Such things were formerly nonexistent, and they created a new type of purchasing unrest.

The purchase of consumer textile goods is trending toward new types that are lively, romantic and full of artistic feeling.

People direct a fair portion of their purchasing power toward purely decorative items. This is a phenomenon that is well worth noting.

Many enterprises are capable of adopting to this type of change in consumers' purchasing intentions. They strive to adapt to the trends in the nature, model, tone, style, beauty, etc., of products, and have further opened up the market.

#### VI. The Trend of the Purchasing Power of Agricultural Materials Has Changed From Consumer Goods of Daily Use to Capital Goods; New Development Characteristics Have Appeared in the Consumer Structure

In past years, peasants used most of their money for food, clothes and other consumer goods of daily use: "Build a new house, marry a new wife, build furniture and add new decorations." With the development of the household contracted production system of responsibility, the purchasing power for agricultural materials has greatly turned toward capital goods.

The development of the household contracted production system of responsibility has determined that peasants' requirements will be for capital goods that are small in size, of many varieties, cheap and convenient. In April of this year, Dandong held an industrial products sales conference. Wheels for small-sized animal-driven carts, small grinders, small electric mills, small hoes, small water pumps, and other small agricultural tools all received a hearty welcome. With agricultural productive forces continually developing in range and quality, agricultural tools must continually open up new fields. For example, the outstanding increased production results resulting from ground-cover technology caused peasants to urgently require ground-cover laying equipment.

With a rise in the level of the peasants standard of living, new changes have also occurred in the consumer structure of agricultural materials, food and clothing. In food consumption, there is an indicated increase of flour and rice, and meat and fish, eggs, wine and sugar all have different increases in the level of consumption. In clothing goods, there was an increase in the consumption level of wool trousers and synthetic cloth, and there was a decrease in the consumption level of cotton, cotton cloth, silks, satins and sneakers. Concerning goods of daily use, the needs of peasants are gradually trending toward durable goods and medium and high quality goods.

#### VII. Children's Goods Have Broad Prospects For Development

According to relevant data, China has 350 million young children, and among them, only-children constitute 25 percent. Moreover, this proportion will become larger in the future. Based on a study of the consumer characteristics of single-child homes, the priority of consumption expenditures in single-child households is food /items of/

use /i.e., nonessential/ and clothing. This differs from the order of expenditures of multichild households of food, clothing and /items of/ use. Children have already received widespread special treatment from both the family and society, and they have become a sizeable consumer brigade. This year two trends have appeared that are worth noting in the market for children's goods of daily use: 1) Good sales of high-quality toys; 2) a rush to get new products.

In the 1983 consumer market, the situation is gratifying, and both purchasing and marketing are brisk. A prominent problem, however, is that the quality, variety and volume of marketable products are still very far from the needs of most consumers. The potential of the market is still great, and we are awaiting the realization of fairly high purchasing power.

12437

CSO: 4006/046



## DOMESTIC TRADE

### HEILONGJIANG URGES ENDING COMMERCIAL DEFICITS

SK150909 Harbin HEILONGJIANG RIBAO in Chinese 29 Nov 83 p 1

[Commentator's article: "It Is Necessary To First Make Ideological Preparations to End Deficits"]

[Excerpts] The commercial enterprises throughout Heilongjiang Province have suffered serious losses and there are now 1,101 money-losing enterprises. Their gross deficit has reached 200 million yuan. Thus, Heilongjiang has become the province that suffers the most serious commercial losses in the country. In the January-September period this year, the money-losing situation in this regard remained unchanged. The large-scale loss of commercial enterprises has become a hinderance that holds up the province in increasing economic returns.

How can we reduce the deficit incurred by commercial enterprises? Judging from the current situation, the most crucial answer to the question is to deal with the problem in regard to understanding and to first make ideological preparations to end deficits.

Some comrades in commercial enterprises held that, to ensure a full supply in the markets, it is hard for enterprises to concentrate on increasing economic results. Comrades who have such a viewpoint have set market arrangements against the attention paid by enterprises to increasing economic results. They often think that it does not matter how many deficits they have so long as they do a good job in providing a full supply for markets. Socialist commerce should not only support production and ensure market supplies, but should also earn profits through transactions so as to provide public accumulations for the program of achieving the four modernizations. Neither should be overemphasized at the expense of the other. They are two entirely different things between the endeavor to earn rational profits and the act to indulge in evil things that bring about harm to consumers' interests. By no means shall we confuse the endeavor with the act. Therefore, we wish that the comrades of the commercial departments throughout the province set right the relationship between the ensuring of market supplies and attention to increasing economic results in an effort to correct the erroneous understanding that it is inevitable for the socialist commerce to have deficits.

While referring to deficits caused by commercial enterprises, we cannot evade the loss caused by enforcing policy. The so-called loss caused by enforcing policy means that the state still keeps its higher prices in purchasing farm products and nonstaple foodstuffs such as meat and eggs and its lower prices in selling them, and means that the state financially enforces a subsidary system. This is aimed at promoting production in the current period and at ensuring the livelihood of the overwhelming majority of low-income staff members and workers. This is also a price policy adopted for making overall plans and taking all factors into consideration, which is in conformity with socialist principles. Such a subsidy is only confined to fixed areas and by no means covers all categories of losses. In particular, the subsidy does not cover the losses caused by the poor management of enterprises.

While referring to deficits caused by enterprises, there are still some persons who complain of over competition caused by outnumbered enterprises. They often erroneously hold that it is inevitable to suffer a loss because of the policy that has excessively decentralized purchasing power and has brought difficulties to business. They never earnestly analyze the reason why, under the same competitive circumstances and conditions, some enterprises have scored higher economic results while some have scored lower, and the reason why the economic returns gap between the two kinds of enterprises has been so big.

The work to switch losses to profits of the commercial departments brooks no delay. At present, comrades of the commercial departments in various localities have made a pledge to resolutely fulfill the target for switching losses to profits within the deadline. We are convinced that only by doing the work in a down-to-earth manner, adopting effective measures, and by doing the work in one vigorous effort will they certainly be able to realize their pledge.

CSO: 4006/196

## DOMESTIC TRADE

### CIRCULAR DENOUNCES PRODUCTION MEANS PRICE HIKES

OW170518 Beijing XINHUA Domestic Service in Chinese 1133 GMT 15 Dec 83

[Text] Beijing, 15 Dec (XINHUA)--The Central Discipline Inspection Commission has recently issued a circular concerning arbitrary price increases of means of production by some units regardless of the guidelines of the "urgent circular."

The circular says: Since the issuance of the "Urgent Circular Concerning Resolutely Stopping Arbitrary Price Hikes of Means of Production and Indiscriminate Collection of Fees From Construction Units" by the State Council and the Central Discipline Inspection Commission on 3 July 1983, most party committee and local governments have paid keen attention to it, have assigned their leading cadres to personal charge of and have organized inspection of the work. Leaders of a large number of enterprises and institutions have also assumed a positive attitude toward implementing the "urgent circular" by personally getting involved and by examining the work. Marked progress has been achieved. However, according to recent reports by departments concerned, some units have continued to increase prices of means of production in various forms arbitrarily regardless of the decision and instruction by the State Council and the Central Discipline Inspection Commission. Their manifestations are mainly as follows:

--Refusing inspection and being unwilling to implement the "urgent circular." The Baoquanling farm in Heilongjiang's Luobei County, after receiving the "urgent circular," neither transmitted its guidelines nor conducted self-examination. It also refused the county price department's inspection. Recently the farm continued to sell 58 tons of steel products and earned over 7,400 yuan illegitimate income.

--Violating the state regulation banning the negotiated price for heavy industrial products and continuing to negotiate prices for steel products. The Sales and Service of the Guangzhou City Metal Materials Company has continued to negotiate prices for steel products by stating, in a recent letter to various localities, "our company can continue sales of metal materials not covered by the plan and at a price not lower than the original cost" and "please support our department by supplying, if there is any, processed steel products at a negotiated price not covered by the plan and the quotas."

--Repeatedly found having violated the policy during inspections and continuing to increase prices arbitrarily. In February 1983 the price department in Shandong's Yiyuan County and other departments concerned inspected the Huangzhuang Coal Mine for violation of price policy and confiscated 1,200 Yuan of ill-gotten income. After issuance of the central authorities' "urgent circular," the coal mine, from 15 July to 13 August, sold a total of 106 tons of coal for daily use at a price of 30 yuan per ton, which should be sold at 24 yuan. The inspection group criticized the coal mine after the malpractice was discovered. Nevertheless, the coal mine, turning a deaf ear to its mistakes, sold 71 tons of coal for daily use at 40 or 44 yuan per ton and 70 tons of lump coal at 40 or 54 yuan per ton after 13 August.

--Increasing the price in disguised forms or under various pretexts. The Jiangxi Steel Plant, which buys billet from the Maanshan Steel Plant, has continued to levy the billet tax, which the Maanshan Steel Plant stopped collecting after the issuance of the "urgent circular." On 30 August the Jiangxi Steel Plant wanted to collect 11.6 yuan additional tax per ton on the 50 tons of steel screws delivered to the Nei Monggol Autonomous Regional Metal Materials Branch Company. The additional tax alone would have cost the branch company 1,689 yuan.

The Central Discipline Inspection Commission's circular urges central departments concerned, party committees at various levels and government party organizations to continue to check up on implementation of the "urgent circular" issued by the State Council and the Central Discipline Inspection Commission. Local party committees and government must take disciplinary action against the above-mentioned manifestations violating the "urgent circular." All localities and departments must mete out harsh punishment resolutely for arbitrary price increases. -- It is now on in line with the requirements of the "urgent circular." Party members and cadres who are directly responsible for such incidents must be handled in accordance with party and administrative discipline and must not be lenient. It is also necessary to investigate and affix the responsibility of departments in charge or work at higher levels that have failed to do an effective job of supervision and inspection.

1983-08-11-1983

## DOMESTIC TRADE

### HAN TAILIN ADDRESSES COLLECTIVE COMMERCE SYMPOSIUM

OW270948 Beijing XINHUA in English 0850 GMT 27 Dec 83

[Text] Beijing, 27 Dec (XINHUA)—China's collective commercial enterprises will gain greater decision-making powers by establishing independent joint marketing and management organizations, according to Han Tailin, director of the Commerce Management Bureau of the Ministry of Commerce.

Speaking at a recent national symposium on collective commerce, Han said the new organizations would direct enterprise management, organize wholesale business in some commodities according to the demands of grassroots enterprises, manage and utilize combined accumulation funds, manage pensions and organize the training of workers and staff.

Under the existing management system, he said, collective commercial enterprises are currently managed by state-owned commercial corporations and grassroots supply and marketing cooperatives in specific trades. The system was necessary when it was first introduced shortly after 1949 to help speed the changeover from private commercial enterprise, he added. But as great changes have taken place since that time, the system is becoming more and more unfavorable to the further development of collective commerce.

Under the existing management system, Han said, collective commercial enterprises lack necessary powers of decision. Funds and housing belonging to some collective enterprises have been transferred or taken over by state commercial enterprises. Other enterprises have also lost their character due to management based on the model of state-owned enterprises and the equalitarian distribution of income.

The reform will help raise economic efficiency and promote development of collective commerce, he said.

By the end of 1982 there were more than 328,000 collective commercial enterprises in China. They employed 2.2 million workers and staff members, and had a business turnover of 24.4 billion yuan, accounting for over ten percent of the year's total retail sales.

The number of commercial collectives increased by 43 percent between 1979 and 1982, bringing a 22 percent rise in employment and a 100 percent jump in business turnover in the sector.

The commercial collectives play important roles in stimulating domestic markets, activating circulation, supporting production, aiding consumers and increasing employment, Han said.

CSO: 4020/49



## DOMESTIC TRADE

### BRIEFS

TIANJIN COMMODITY SALES--Since the 3d Plenary Session of the 11th CPC Central Committee, Tianjin Municipality has enjoyed brisk buying and selling on markets. In the January-November period this year, the eight first-class purchasing stations in the municipality purchased more than 4.2 billion yuan worth of commodities. It is estimated that by the end of this year, Tianjin's total value of purchased commodities will increase by 17.9 percent over 1979 and the total volume of retailed industrial products will increase by 38 percent. Over the past 5 years, total volume of retailed industrial products will increase by 38 percent. Over the past 5 years, total volume of retailed industrial products has showed a yearly average increase of 8 percent. In addition, supply of commodities has become more ample and many products which had been supplied at restricted amount now have been supplied without restriction. People's purchasing targets have changed from the low-grade products to middle- and high-grade ones. At present, over 80 percent of urban residents have owned TV sets. [Summary] [Tianjin City Service in Mandarin 1430 GMT 19 Dec 83 SK]

CSO: 4006/197

## FOREIGN TRADE

### CONFERENCE ON FOREIGN TRADE HELD

Nanjing XINHUA RIBAO in Chinese 30 Aug 83 p 1

/Report by Yao Guoguang /1202 0948 0342/: "In Utilizing Foreign Capital To Import Technology, We Must Strive for Speed as Well as for Good Work; in Carrying Out Foreign Trade, We Must Lower Cost and Reduce Losses"/

/Text/ At its closing yesterday, the provincial work conference on utilizing foreign capital and carrying out foreign trade emphasized the following: We must proceed from raising the quality of the existing enterprises and raising socioeconomic results, and further broaden the path of utilizing foreign capital in order to promote the technological transformation of the enterprises. We must try each and every means to control foreign trade deficits and strengthen the competitive ability of our export commodities on the international market.

This conference was held from 23 to 29 August. At the conference, we summed up and exchanged the experiences in the work of utilizing foreign capital and carrying out foreign trade, studied the projects of utilizing foreign capital in the 2 years after the implementation of the Sixth 5-Year Plan, and discussed the questions of concerned policies in utilizing foreign capital and enlivening foreign trade.

Gu Xiulian, governor, and Zhang Xuwu, vice governor of the provincial people's government, and Comrade Liu Hegeng /0491 0735 6342/ attended and spoke at the conference.

In her speech at the conclusion of the conference, Comrade Gu Xiulian summarized the current economic situation in our province and the new situation which our province is facing in economic development in the latter Sixth 5-Year Plan period and the Seventh 5-Year Plan period. She pointed out that to enable our province's economy to develop further, a way out is to raise the quality of the existing enterprises and raise social results. In raising the quality of the enterprises, there are the problems of business management, technological progress, the rank of workers, and also the level of the leading cadres. The major key is to step up the technological transformation of the existing

enterprises and promote technological progress. The important approach to speeding up the technological transformation and technological progress of enterprises is to utilize foreign capital in importing technology. Summing up the experiences in recent years, the general demand of utilizing foreign capital in importing technology is to do the work well with speed, thereby realizing the unity of speed and results. To attain this goal, we must formulate plans for the technological transformation of trades in order to determine the projects to be imported. In choosing the technology to be imported, we must first of all consider the advanced nature of the technology. We must also consider the extent to which we can master the technology, so as to enable a product, an enterprise and an entire trade to reach a new level technologically. We must digest imported technology properly and blaze new trails, and integrate importing technology with launching all-round rectification of enterprises and raising the quality of the various aspects of an enterprise. In order to attain the desired results in the work of importing technology, we must launch properly the early stages of the work of importing projects.

Governor Gu pointed out that developing production spheres is also another way out for developing the economy. Our province has abundant resources of agricultural byproducts, has successively built some key enterprises and has a relatively good basis for the processing industry. In light of these characteristics, the focus of industrial development in the future should be to make the processing of products more sophisticated and to raise the grade of products, develop new-type products and expand the sphere of industrial production. Thus, in importing technology, we must widen our field of vision and turn on our train of thought and gradually shift our attention onto the above aspect. If we launch the above-described work properly, we will bring about a new breakthrough in economic development.

She said: The import of technology to transform medium and small enterprises involves such aspects as planning, production, technology, foreign trade, finance and banking. We must implement the spirit of reform and strengthen and improve leadership. In implementing the projects, the various departments must carry out rational division of labor, clarify their respective responsibilities and establish the system of individual responsibility. We must let the enterprises have the power of, and benefit through, improving business management and caring about technological progress, and practically and realistically help them solve some specific problems, so as to mobilize the enthusiasm of the enterprises in importing technology and carrying out transformation. To expand external economic and technological cooperation, we must also solve the problem of personnel. While strengthening the training of the existing personnel in the work of external economic affairs and trade, we must shatter the boundaries between regions, trades, and between army-men and civilians, organize a rational flow of personnel, and give full play to the role of the existing personnel in our province who know about international economic and technological cooperation.

As regards foreign trade work, Governor Gu stressed that we should raise economic results and reduce deficits. The industrial and trade departments should carry out cooperation properly and do a good job in linking production with sales. Both parties should make concerted efforts in pushing foreign trade work to a new stage.

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CSO: 4006/C30

## FOREIGN TRADE

### CNOOC, CIEC SIGN AGREEMENT ON ECONOMIC SERVICES

OW221934 Beijing XINHUA in English 1446 GMT 22 Dec 83

[Text] Beijing, 22 Dec (XINHUA)--An agreement on economic and legal consultation services was signed here today between the China National Offshore Oil Corporation (CNOOC) and the China International Economic Consultants Inc. (CIEC).

According to the agreement, CIEC will give first priority to projects entrusted to it by CNOOC.

The consulting services will include market analysis, suggestions and analyses of joint venture models, economic feasibility studies and drafting or examining joint venture agreements, contracts and articles of association.

CIEC has provided services to CNOOC since April 1982. Acting as a consultant on joint ventures including the China Nanhai (South China Sea) Baker Drilling Company Ltd., the China Nanhai Hould Drilling Corporation, the China Nanhai Racat Survey and Positioning Corporation, the China Bohai Racat Survey and Positioning Corporation and the China-French Bohai Geological Service Company Ltd.

CIEC has also provided legal services on contracts signed in the first round of bidding for cooperative exploitation of China's offshore oil reserves.

The new agreement will enable CNOOC to better cooperate with foreign firms, according to Tang Ke, minister of petroleum industry.

The contracts were signed by Qin Wencai, president of CNOOC, and Jing Shuping, president of CIEC.

CSO: 4020/49

## FOREIGN TRADE

### BRIEFS

HEILONGJIANG FOREIGN TRADE--As of 17 December, the Foreign Trade Department of Heilongjiang Province overfulfilled and prefulfilled the annual procurement and export plans by 0.5 percent and 29.2 percent, an increase of 20 percent and 44.3 percent over the same 1982 period. [Summary] [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 17 Dec 83 SK]

SHENZHEN ECONOMIC ZONE--According to SHIJIE JINGJI DAOBAO published today, while making an inspection tour of the Shenzhen Special Zone in late November, Gu Mu, member of the Secretariat of the CPC Central Committee and state councillor, said that the course for the construction of the Shenzhen Special Zone is correct and the zone's achievements are remarkable. The key issue today is to continue to implement more successfully the party's policy of opening up to the outside world in the economic sector, make the investors feel more at ease with our policies and build the special zone into a still better place, he said. Gu Mu urged the Shenzhen Special Zone to adopt new measures to deal with new issues and adopt special measures to deal with special issues, and work actively to introduce truly technology-intensive and expertise-intensive industrial projects into the special zone. [Text] [OW151117 Shanghai City Service in Mandarin 2300 GMT 11 Dec 83]

COAL EXPORT--Beijing, 14 Dec (XINHUA)--China exported a total of 5.84 million tons of coal in the January-November period this year, according to the China National Coal Import and Export Corporation (CNCIEC). The export included steam coal, coking coal and anthracite, CNCIEC said. Among the importers of Chinese coal were Japan, the Democratic People's Republic of Korea, Bangladesh and Belgium as well as the Hong Kong region. The country's 1983 export is expected to exceed 6.4 million tons by the end of this year, CNCIEC added. [Text] [OW141300 Beijing XINHUA in English 1252 GMT 14 Dec 83 OW]

CSO: 4020/49



## LABOR AND WAGES

### BRIEFS

JILIN JOBS PLACEMENT--In 1983, Jilin Province made pleasant achievements in running individually owned business and placing jobs for job-seekers. Some 190,000 job-seekers were given jobs, an increase of 10.9 percent over 1982. At present, some 170,000 households in the province run individually owned business. [Summary] [Changchun Jilin Provincial Service in Mandarin 2200 GMT 1 Jan 84 SK]

CSO: 4006/197

## TRANSPORTATION

### PROGRESS IN RAILWAY CONSTRUCTION REVIEWED

Beijing TIEDAO ZHISHI [RAILWAY KNOWLEDGE] in Chinese No 5, 28 Sep 83, p 2-4

[Article by Sun Ming [1327 2494]: "The Building of China's Railroads"]

[Text] "Hack through brambles and thorns; cross mountains and traverse ranges to open a way ahead." The building of China's railroads may really be said to have been a hacking through brambles and thorns and the suffering of untold hardships. It has been only after a long, more than 100 year period of time and the process of going from a moribund and outmoded old society to a prosperous and thriving New China that the first steps have been taken to build railroads that extend in all directions without impediment in a huge transportation system that forms a rough railroad network.

#### The Fragmented Old Chinese Railroads

In the almost 70 year period of the old society between the building of the Tangshan-Xugezhuang Railroad until 1949, when China was subjected to imperialist big power partition and looting from without, and to the devastation wrought by feudal emperors and warlord regimes from within a total of only 21,000-odd kilometers of railroads were built (not including the distance construction in Taiwan Province during the time of the Japanese occupations). This was an average of no more than 300 kilometers per year. Moreover, as a result of the division of China into spheres of influence for imperialist big powers and separatist warlord regimes, the railroad pattern was irrational with an overwhelming majority of lines being concentrated in northeast and north China and in coastal areas. Equipment was old and antiquated, and quality poor. Management was dispersed and dispatching unc centralized. Numerous accidents occurred, and transportation efficiency was very low.

The extremely backward railroads of old China were also seriously damaged by the corrupt rule of the Kuomintang government and the depredations of warfare. By 1949, except for Taiwan Province, more than 7,000 kilometers of connecting railroad lines had been substantially obliterated, and the more than 11,000 kilometers of railroads that were kept going somehow were plagued with countless problems and gaps. They were broken up into fragments. More than 3,200 bridges, more than 2,700 locomotives, more than 2,000 passenger cars, and more than 24,000 freight cars had been destroyed. Most other rolling stock, structures, and buildings had been damaged. The broad masses of railroad workers struggled on dead lines. In short, the railroads bequeathed by the old China were a shambles just like everything else in old China.

## Rebirth and Development of Old Railroads.

With the founding of the Chinese People's Republic, China's railroad transportation saw rapid revival and development under leadership of the party. Military railway corps units and railway workers completed rush repairs on railroads with astounding efficiency. Within a short period of time, they restored more than 10,000 kilometers of old railways destroyed in warfare, giving vigorous support to PLA combat, to Anti-America Aid Korea struggle, and to economic revival. For example, a certain military railway unit responsible for wartime rush repairs to railroads restored more than 1,000 kilometers of railroads and more than 400 bridges within a year. In rebuilding the completely destroyed Huai He Bridge, despite lack of any machinery and equipment, the job was completed within 2 months though plans had called for completion within 3 months. As a result, service on the Tianjin-Pekou railroad, which had been interrupted for 3 years, was finally victoriously resumed on 1 July 1949. Rush repairs on the 79 kilometer section of the Beiping-Hankou line between Xinxiang and Zhengzhou were completed within 4 days, and work on the great Huang He Bridge was completed within 3 days. Various difficulties were overcome in rush repairs to the Guangzhou-Hankou Railroad, only 22 days being required to restore eight bridges between Yueyang and Changsha.

At the same time, a series of fundamental reforms were made to the railway management system. First of all, the system for directing traffic and managing transportation on all the country's railroads was centralized, and a uniform system of transportation charges and financial receipts and expenditures was established. Planning of transportation was begun, and preliminary steps were taken for the technical transformation of equipment. This sounded the death knell for the moribund management system of the old railroads, and greatly improved transportation efficiency.

## Building of New Lines on a Large Scale

Simultaneous with the restoration of old railroads, reform of the management system, and technical improvements was the gradual beginning of large scale building of new lines. During the past more than 30 years the state has invested more than 60 billion yuan in railway capital construction (including an investment of more than 30 billion in the building of new railroads. It has invested more than 30 billion on technical improvement and technical equipment for old lines). Newly built trunk and branch lines total 105 covering an operating distance of more than 53,000 kilometers (exclusive of railroads in Taiwan Province). If the more than 3,000 kilometers of rudimentary railroads run by individual provinces, municipalities, and autonomous regions and totaling more than 56,000 kilometers are added to this figure, the grand total comes to almost 100,000 kilometers. This has played a major role in stimulating development of the national economy.

Seventy-five percent of the newly built railroads lie in the vast area to the west of the Beijing-Guangzhou line, principally in the three southwestern provinces of Yunnan, Guizhou, and Sichuan, and in Gansu, Qinghai, Xinjiang, and Ningxia in the northwest. Construction of the Chengdu-Chongqing, the Sichuan-Guizhou, the Guiyang-Kunming, and the Chengdu-Kunming lines has formed a transportation framework for the three provinces of Yunnan, Guizhou, and

and Sichuan. Construction of the Hunan-Guizhou, the Baoji-Chengdu, the Wuhan-Danjiang, the Xiangyang [in Hubei]-Chongqing, and the Yang (Pingguan)-An (Kang) trunk lines have closely knit the southwest, the south central and the northwest. Building of the Lanzhou-Xinjiang, the Lanzhou-Qinghai, and the Tianshui-Lanzhou lines in the northwest has meant an extension to Wulumuqi in Xinjiang and to Xining and Geermu in Qinghai of the trunk line that starts in the east at Lianyungang and goes westward to Lanzhou. Construction of a railroad from Turfan to Kuerle also connected southern Xinjiang with the Lanzhou-Xinjiang line. The Baotou-Lanzhou railroad forms a second east-west trunk line between Beijing and Lanzhou and goes through Gantang and Wuwei to connect with the Lanzhou-Xinjiang line. The 1,700 kilometer long Jiaozuo [Henan]-Zhicheng [Sichuan] and the Zhicheng-Liuzhou railroad traverses Henan, Hubei, Hunan, and Guangxi provinces to form a third major trunk line between north and south.

Construction of the above railroad lines has brought to an end the historic lack of railroads in Qinghai, Ningxia, and Xinjiang, and has transformed the difficult transportation situation in southwest and northwest China. It has linked the seacoast with the interior of the country in a marked transformation of the pattern of China's railroads. It has also helped change industrial patterns. Moreover, building of the Beijing (Changping) [in Beijing's western suburbs]-Tong (Liaoning), and the Tong-Rang (Hulu) lines has also increased through service from the northeast to China below the Great Wall. Building of the Anhui (Wuhu)-Jiangxi (Guiqi), the Yingtan-Xiamen, the Laidan-Fuzhou and the Litang-Zhanjiang lines has also added to the number of trunk lines in coastal areas. Today the capitals of every province and municipality (with the exception of Xizang, which has no railroads, and Taiwan Province, which is not included), as well as all major cities and towns and major production bases are connected by railroad.

During the past more than 30 years China's accomplishments in the building of new railroads have been very great. Speed of construction had been unparalleled in the old society, an average of above 1,000 kilometers per year having been constructed. This was more than three times the speed of railroad construction in the old society. The period of national economic reconstruction and the First Five-year Plan were periods of major railroad development, when construction was done rapidly, quality was good, and efficiency was high. For example, it took only 3 years for the 505.5 kilometer long Chengdu-Chongqing Railroad to be built and go into service. The 669 kilometer long Baoji-Chengdu Railroad, which was a daunting project requiring crossing of the Qin Ling, took only 5 years and 5 months for completion. Furthermore, construction costs were low. Construction costs for the Chengdu-Chongqing line were only 327,000 yuan per kilometer. Building of the Baoji-Chengdu line was an extremely arduous undertaking in mountain ranges, river valleys, and across precipitous and dangerous terrain, yet costs were no more than 1.19 million yuan per kilometer. However, building of the 885 kilometer Zhicheng-Liuzhou railroad during the 1970's took nearly 2 years and 2.2 billion yuan, construction costs amounting to more than 2.49 million yuan per kilometer. Such long construction period and high construction costs also occurred in the building of other railroads after the First Five-year Plan. The harm done by "leftism" and work mistakes caused this.

During the period of the Sixth Five-year Plan, a program of national economic readjustment was carried out, the lessons of experienced summarized, and "leftist" errors overcome. Then railroad construction again entered a period of great development.

Map Showing Changes in New China's Railroad Patterns



Key:

- |   |              |
|---|--------------|
| a) Railroads before founding of the People's Republic                                 | i) Beijing   |
| b) Railroads after founding of the People's Republic                                  | j) Shenyang  |
| c) 300 kilometers   | k) Taiyuan   |
| d) 1,000 kilometers   | l) Lanzhou   |
| e) Average annual new railroad construction during almost 70 years in the old society | m) Zhengzhou |
| f) Average annual new railroad construction after founding of the People's Republic   | n) Chengdu   |
| g) Wulumuqi   | o) Chongqing |
| h) Haerbin  | p) Wuhan     |
|   | q) Shanghai  |
|   | r) Kunming   |
|   | s) Guiyang   |
|   | t) Liuzhou   |
|   | u) Guangzhou |
|   | v) Fuzhou    |



## Improvement of Railway Technical Equipment

Very great changes have occurred during the past more than 30 years in the technical equipment of the nation's railroads. Accomplishments have been marked in double tracking and electrification, and in improvement of lines. Double tracking has increased from the 860 kilometers of the period immediately following Liberation to more than 8,600 kilometers, and electrification of railways has developed from nothing to the construction of more than 1,700 kilometers. The types of tracks have been standardized, with steel tracks on all regular lines being a uniform 43.5 kilograms per meter or 50 kilograms per meter, regular line track of 50 kilograms per meter being in use on more than 48 percent of lines. Road beds everywhere use crushed stone, and an overwhelming number of sleepers have been replaced or treated against rot. Steel-reinforced concrete sleepers have been laid over 33,600 kilometers and seamless railroad tracks over more than 8,300 kilometers. Permitted speeds have increased very greatly.

In order to upgrade transportation capacity, numerous stations and freight yards have been newly built or enlarged. Fairly large hump switching yards have been increased to more than 30, and numerous stations have increased or lengthened their railroad sidings.

## Fundamental Changes in Communications and Signaling Equipment

In old China, 80 percent of stations had no signals, and 72 percent of sections were without blocking equipment. Today, virtually every station has signaling equipment as well as interlocking equipment. More than 6,500 kilometers of trunk lines, or 13.7 percent of all trunk lines in the country have automatic blocking. Semi-automatic blocking is used on more than 38,000 kilometers, or 81.4 percent of all lines in the country. More than 34 percent of railroad stations have electric marshalling equipment, and lines having dispatching and marshalling equipment total more than 1,100 kilometers.

The outmoded state of communications facilities has also been very greatly improved. Railroads throughout the country now have more than 10,000 kilometers of small co-axial or trunk line electric cables and more than 40,000 kilometers of supported overhead lines to form a long distance communications network. There are more than 20,000 carrier terminal circuits. Telephone capacity has developed to one phone per 20 people, and telephone lines cover a distance of 3.5 million miles. Telegraph lines reach 500,000 miles. Communications among every station on all lines is possible. Automatic dialing is in use between the Ministry of Railways and railway bureaus and between 90 percent of railway bureaus and railway branch bureaus.

## Complete Locomotive and Rolling Stock Industry

Up until the time of Liberation, China's railroads had no locomotive or rolling stock manufacturing industry. Most major spare parts and processed materials used in making repairs also had to be imported from foreign countries. Since founding of the People's Republic, 33 locomotive and rolling stock manufacturing and repair plants have been built or improved;



four railway research institutes have been established, and more than 54,000 pieces of mechanical equipment are in use, forming a fairly complete locomotive and rolling stock manufacturing system. Not only are there steam engine manufacturing plants, but also internal combustion engine locomotive and electric locomotive manufacturing plants, as well as locomotive and rolling stock spare parts manufacturing industries. China's locomotive and rolling industry dates back 100 years to the founding in 1880 of the Tangshan locomotive and rolling stock plant, which has developed today into a big and powerful industrial enterprise. It is particularly noteworthy for having established a fairly large corps of scientific research and designing personnel and of seasoned technical workers. This provides a basis for the "four modernizations" of China's railroad locomotive and rolling stock technical equipment.

With the founding of a locomotive and rolling stock industry, marked accomplishments have been made in the manufacture of locomotives and rolling stock. In addition to the production of new models of high horsepower steam locomotives, internal combustion locomotives, and electric locomotives, back at the end of the 1950's, series production was begun and existing locomotives were completely technically revamped. Large freight cars capable of carrying heavy loads have also gone into series production, and now more than 90 percent of all freight cars have a capacity of 50 tons or more. Various new models of passenger cars can also be series manufactures. In order to increase freight car hauling capacity, improve passenger car comfort, and assure train safety, high strength car couplings have been fitted on trains, passenger car facilities have been improved, and air brakes have been installed. In addition, the welter of different models of locomotives of poor quality and low efficiency has been gradually improved or eliminated.

Today, steam locomotives do 74.9 percent of the hauling on China's railroads. Internal combustion locomotives do 21.7 percent, and electric locomotives do 3.4 percent. However, over the long term, use of electric power for hauling will be the main orientation of development. During the period of transition to electrification of trunk lines, or on lines that haul little, internal combustion locomotives will be used. Steam locomotives will gradually be eliminated.

Not only have locomotive and rolling stock industries been built, but manufacturing industries for special railroad equipment have been steadily built and expanded. Today it is possible to manufacture and be self-sufficient in all kinds of bridges and truss bridges, pre-stressed reinforced concrete structures, railway maintenance and loading and unloading machines, communications and signalling devices, as well as all kinds of railway line equipment and systems.

#### Great Increase in Volume of Transportation

One striking feature of New China's railroads has been the great increase in volume of transportation. In 1982, 1.11 billion tons of freight were delivered almost 10 times the 1950 amount. Passenger traffic amounted to 990 million, more than five times the 1950 figure. Railroads handled 71 percent of the

of the total freight and 60.5 percent of the total number of passengers hauled by modern means of transportation. They are responsible for most of the country's transportation and have become a tremendous transportation system in the national economy.

Very great changes have also taken place in the composition of railroad freight transportation. The amount of heavy industrial goods hauled has increased substantially, the ratio of steel and iron, minerals, coal, timber, petroleum, chemical fertilizer, and construction materials being very great. Coal alone accounts for 40 percent of freight hauled. This reflects the level of China's industrialization and the leading position that industry occupies in the national economy.

Railroad transportation efficiency has also risen. An overall indicator of transportation efficiency included a shortening of freight car turn around time to 3.22 days in 1982, a 100 percent improvement over the period immediately following Liberation, and the shortest turnaround time in the world.

#### Accelerated Railroad Building

During the past more than 30 years, though railroad construction has been very rapid in China and marked achievements made, in terms of national construction requirements as well as needs of the national economy for transportation, much remains to be done. Today, railroads are still a conspicuously weak link in the national economy. Railroads are a long way from meeting needs in development of resources, in developing industry and agriculture, and in meeting the increasing needs of the people's livelihood. Railroads' technical equipment and management levels fall far short of those of advanced countries. Furthermore, from the time of the "Great Leap Forward" until the period of the 10 years of turmoil, opportunities were missed in railroad construction. For a long time, stress was placed on the building of transportation capacity to the east of the Beijing-Guangzhou line, with the result that 40 percent of railroads had to carry 80 percent of the traffic. Inevitably this caused a passive situation of a railroad transportation shortage.

After the Third Plenary Session of the 11th Party Central Committee, and particularly after the 12th Party Congress formulated a magnificent program, which clearly provided for the all-around ushering in of a new situation in socialist construction, railroads became a strategic focus. The Fifth Session of the Fifth National People's Congress reiterated the importance of railroad construction. In process of carrying out a program of 'readjustment, reorganization, restructuring, and upgrading,' the Ministry of Railways is intensifying railroad construction, improving the level of management of transportation, and hastening the pace of technical transformation in railroad modernization in an effort to bring about a new situation in railroad work. Future railway modernization will go hand in hand with progress in the national four modernizations to become a new kind of railroad that uses modern technical facilities. In the great struggle to realize a quadrupling of the national economy by the end of this century, railroads will make a tremendous contribution.

## TRANSPORTATION

### CARGO HANDLING, PORT CONSTRUCTION HIT RECORD

OW180348 Beijing XINHUA in English 0232 GMT 18 Dec 83

[Text] Beijing, 18 December (XINHUA)--China's 15 large coastal harbors, including Shanghai, Dalian and Qinhuangdao have handled 240 million tons of cargo, meeting their annual target 13 days ahead of schedule.

The ports expect to handle 246 million tons by the end of this year, 3.5 percent more than in 1982, officials said.

The situation in cargo handling and port construction is the best in the past few years, but loading and unloading of vessels still cannot be finished according to schedule, they added.

About 270 vessels shipping cargo for import and export call at Chinese ports each day. But only 100 can be loaded or unloaded while others have to wait even though China now has 143 10,000-ton class deep-water berths.

The problem was created by a lack of berths, unbalanced arrival of freighters and strained capacity of railway and highway transport, the officials said.

According to the ministry of communications, 40 more berths are now under construction at coastal harbors including Qinhuangdao, Shanghai, Tianjin and Zhanjiang. Six are container wharf berths, 29 are bulk cargo wharf berths and four are coal wharf berths.

By the end of this year, 12 deep-water berths will be put into operation at coastal ports to handle an additional 20 million tons of cargo.

Two new berths--one for 50,000-ton ships and the other for 20,000-ton ships--will soon be put into operation at a new coal wharf at Qinhuangdao. The berths are designed to handle 10 million tons of coal a year.

A salt wharf berth at Tianjin handling 3.2 million tons a year will go into operation late this month following state approval.

Construction will also begin soon on 16 deep-water berths, including 4 at Qinhuangdao, 6 at Yantai and 5 at Zhanjiang.

According to the ministry, 133 deep-water berths will be build at 15 coastal harbors by 1985. Nineteen of the berths will be completed by the end of this year.

## TRANSPORTATION

### BRIEFS

**HEAVIER FREIGHT TRAINS USED**--Beijing, 31 December (XINHUA)--China has made important technical progress in developing heavier, longer trains to increase transportation of coal from Shanxi, China's leading coal producing province. The project, one of China's 38 key research projects for the 1981-1985 period, covers trial production of heavier locomotives, rails, open goods wagons, signal facilities and a computerized dispatching system for use on a special double-track, electrified railway from the Datong Mining Center in Shanxi province to the Port of Qinhuangdao in Hebei. The 630-kilometer railway is designed to allow passage of trains carrying loads of anywhere between 6,000 and 10,000 tons, according to a senior member of a national coordination group in charge of the project. The annual transport volume of the new railway will be equivalent to that of six conventional railways currently operating in Shanxi, Yue Zhijian said. At present, most cargo trains carry a load up to 3,500 tons in 40 cars. The group has developed a brake system on trains, each having 122 cargo cars with a load of 10,000 tons, Yue Zhijian said. By 1988, China hopes to mass produce 8,700-horsepower electric locomotives now under trial production in Zhuzhou, Hunan Province. Work began in 1976 to trial produce rails able to withstand especially heavy loads, Yue said. The type of rail, weighing 60 kilograms per meter, has been used on an experimental basis. Shanxi furnishes anywhere between one-fifth and a quarter of China's coal output. Lack of adequate transport facilities has hampered growth of coal production in Shanxi, while highly industrialized north, east and northeast China are short of fuel. [Text] [OW311116 Beijing XINHUA in English 0911 GMT 31 Dec 83]

**SHANDONG HIGHWAY BRIDGE**--Jinan, 13 December (XINHUA)--A new highway bridge opened to traffic Saturday in Shandong Province. The 77-arch structure crosses the Yihe River to link Yanzhou, a coal-mining center, and Shijiushuo, a coal terminal. It is 2,289.94 meters long, 11.5 meters wide and 8 meters high. It can allow the passage of 20-ton trucks and 100-ton trailers. Completion of the bridge will aid construction of the new Yanzhou-Shijiushuo railway and the harbour of Shijiushuo, both of which are listed as major projects by the state. [Text] [OW131318 Beijing XINHUA in English 1221 GMT 13 Dec 83]

**RAILWAY OPTIMIZATION SYSTEM URGED**--Beijing, 19 December (XINHUA)--The state economic commission and state science and technology commission have jointly asked commercial, light industrial and other departments to adopt next year an optimization system for railway transport of merchandise. The "railway transportation optimization system" was worked out by Beijing's center for international



economic information. The system makes use of Chinese language computers to determine the quickest and best routes and optimum loads. Because the language is Chinese, railway dispatchers can master use of the computer terminal within a short period of time. Trial operation shows that the system can save transportation costs from 1 to 8 percent. And the longer the distance, the better the economic results. At the same time, it also improves efficiency, helps avoid mistakes, saves labor power and reduces work intensity. At an appraisal meeting held last April, operational research and computer science experts said the designing and operational principles of the system provide experience for adopting other computer systems. The commissions also asked the center to adapt the system for use in waterway and highway transportation. [Text] [OW191208 Beijing XINHUA in English 1157 GMT 19 Dec 83]

RAILWAYS FULFILL TRANSPORT TASKS--Beijing, 19 December (XINHUA)--China's railways have handled more than 1.12 billion tons of freight so far this year, fulfilling their annual quota 13 days ahead of schedule, the ministry of railways announced today. The ministry fulfilled this year's annual quotas for profits turned over to the state and taxes 2 months ahead of schedule. The number of accidents so far this year was down 34.7 percent on the same period a year ago, the ministry of railway added. [Text] [OW191752 Beijing XINHUA in English 1930 GMT 19 Dec 83]

CHENGDU-CHONGQING RAILWAY ELECTRIFIED--Chengdu, 23 December (XINHUA)--The 122-kilometer stretch between Chengdu and Ziyang on Sichuan's Chengdu-Chongqing railway, has been electrified and will be put in use soon. The remaining 383 kilometers from Ziyang to Chongqing will be electrified by the end of 1985. The project is one of eight Chinese railways to be electrified between 1981 and 1985. Now China has five electrified railways, totalling 1,782 kilometers in length. [Text] [OW231314 Beijing XINHUA in English 1135 GMT 23 Dec 83]

SHIP DELIVERED TO CHINESE-POLISH COMPANY--Shanghai 23 December (XINHUA)--The "Qu Yuan," a 16,000-ton cargo ship built by the Shanghai Shipyard, was delivered to its owner, the Chinese-Polish Shipping Company, today. The vessel is the last of four 16,000-ton ships ordered by the company in 1979 and 1980, a spokesman for the shipyard said. [Text] [LD232105 Beijing XINHUA in English 1445 GMT 23 Dec 83]

FLIGHTS TO, FROM IHASA--Ihasa, 27 December (XINHUA)--A Boeing 707 aircraft with passengers on board arrived in Ihasa on 26 December on its maiden flight from Chengdu to the highland city. The Civil Aviation Administration of China [CAAC] had three boeing 707 flights on the Chengdu-Ihasa route each week. CAAC has also opened airline services between Ihasa and Lanzhou and between Ihasa and Xi'an. Now CAAC flights to Ihasa have been increased from once a month to six a week except on Sunday. [Text] [OW271946 Beijing XINHUA in English 1627 GMT 27 Dec 83]

BEIJING TRANSIT SERVICES MEET DEMANDS--Beijing, 28 December (XINHUA)--Beijing's buses have carried three billion passengers in 1983, according to the 'unicipal Public Transportation Service Company. By the end of November, buses had carried 2.75 billion passengers, nearly as many as in all of 1982, said Zhang Junxiu, manager of the company. Zhang attributed the rise to intensive development of the city's suburbs and increases in domestic tourism and business travel. About

200 buses and trolley buses were put on the road and eight new lines opened in 1983, Zhang said. The transport company now runs 3,600 buses and trolley buses on 143 lines covering 1,728 kilometers. More than 1,000 taxis and a subway system are also in operation. Despite these developments, Zhang said, the city's transit services still cannot meet the growing needs, and buses are still crowded at peak hours. Winter is the busiest season for Beijing's public transportation system, he added, because the cold weather forces many people who go to work by bicycle in warmer seasons to rely on buses. To ease the traffic strain, more than 400 factories and offices have changed their working hours or use their own coaches to carry their employees. Ten bus lines to the Ming Tombs, the Great Wall and other tourist attractions around the city were opened in 1983. More tourist lines will be set up next year, Zhang said. [Text] [OW280322 Beijing XINHUA in English 0226 GMT 28 Dec 83]

ANNUAL HIGHWAY TRANSPORT QUOTA MET--Beijing, 30 December (XINHUA)--China's highways carried 620 million tons of cargo and 3.3 billion passengers by 24 December, ECONOMIC INFORMATION reported today. The cargo handled was 0.3 percent above the annual quota and 0.6 percent higher than the same period a year ago. Passenger transport met its annual plan. The investment plan for key highway projects was overfulfilled, ECONOMIC INFORMATION said. In another report, the tabloid said a 166-kilometer highway from Xuzhou in Jiangsu to Shangqiu in Henan was scheduled to open on 1 January. It will be the first road project jointly managed by the provinces of Jiangsu, Anhui and Henan. [Text] [OW301442 Beijing XINHUA in English 0901 GMT 30 Dec 83]

SHIPOWNERS INSURANCE ASSOCIATION SET UP--Beijing, 31 December (XINHUA)--The China Shipowners Mutual Assurance Association will be established here tomorrow. The association will cover damage and errors in handling and shipment of cargo, oil pollution, casualties among seamen and dock workers and other damage for which shipowners are responsible. Such losses in general are not compensated by insurance companies. Present members of the association include the ocean shipping companies of Guangzhou, Shanghai and Tianjin. [Text] [OW311142 Beijing XINHUA in English 1125 GMT 31 Dec 83]

NEW SHANGHAI SHIPPING CORPORATION--Shanghai, 31 December (XINHUA)--A new corporation was inaugurated here today to handle overseas shipping. The Newseas Navigation Corporation, sponsored by the commercial fleet of the Shanghai Foreign Trade Corporation, has two refrigerator ships and four general cargo freighters with a total dead weight tonnage of over 38,600 tons. It now undertakes to handle freight transport for Japan and Hong Kong and shipments of transit goods for other countries. It will add container shipping soon. [Text] [OW311206 Beijing XINHUA in English 1155 GMT 31 Dec 83]

GOOD SPRING FESTIVAL TRANSPORT--Beijing, 2 January (XINHUA)--The State Council has urged local governments to ensure better transport services for passengers and commodity supplies during the Spring Festival which falls on 2 February this year. Spring Festival, also known as Lunar New Year, is the major traditional holiday for the Chinese People. It is expected that from 13 January to 21 February the Spring Festival holiday season, the number of passengers for rail, bus, ship and air services will come to 600 million, 80 million more than last year, according to a state council circular. The circular called on provincial, municipal and regional governments to strengthen leadership over passenger transport services and see to it that the number of trains, buses, ships and



planes are increased so that passengers will arrive at their destination in good time. Spring Festival is family reunion time in China. Close attention must be paid to safety of transport and improvement of services for passengers, the circular stressed. [Text] [OW020748 Beijing XINHUA in English 0645 GMT 2 Jan 84]

SHANXI-HEBEI RAIL LINK--Taiyuan, 4 January (XINHUA)--A new railway linking two industrial cities in Shanxi and Hebei Provinces was officially opened to traffic on 1 January. The 219-kilometer-long line between Changzhi in southeast Shanxi and Handan in southwest Hebei also joins the Beijing-Guangzhou railway, a major south-north trunk line, and the railway from Taiyuan, the capital of Shanxi, to Jiaozuo, a coal center in Henan. The new line will help increase shipments of coal from Shanxi, China's major coal producer, to other parts of the country. The railway was put into trial operation in July 1982. [Text] [OW041238 Beijing XINHUA in English 1118 GMT 4 Jan 84]

SHANDONG HIGHWAY CONSTRUCTION--In 1983, Shandong Province made new achievements in highway construction. The mileage of highway transport service reached 35,500 km. Of this, 45 percent were asphalt roads. [Summary] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 1 Jan 83 SK]

GUANGZHOU SHENZHEN RAIL COMPANY--The Guangzhou-Shenzhen Railroad Company of the Guangzhou Railroad Bureau was officially established in Shenzhen City today. In July this year, the State Council approved of the establishment of the Guangzhou-Shenzhen Railroad Company. The company will be responsible for transforming the railroad into a double-track electric railroad, for transportation of passengers and cargo, business operation and management, and foreign services. The modification of the Guangzhou-Shenzhen railroad will be carried out in three stages. The first stage of the project is now being carried out. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 1130 GMT 15 Dec 83 HK]

PORT OF DALIAN QUOTA--Shenyang, 10 Dec (XINHUA)--Dalian, the biggest foreign trade port in northeast China, has fulfilled its annual cargo handling quota 29 days ahead of schedule. By 2 December, Dalian port handled 32.5 million tons of cargo, up 3.5 percent from the same period of last year. Profits turned over to the state came to 95 million yuan, 7.1 percent more than last year. This is the best performance ever recorded in the port. Dalian, a major north China transportation hub, loads and unloads petroleum, coal, iron and steel, grain, timber, minerals, complete sets of equipment and sundry goods. Dalian has paid attention this year to quality control and given priority to the handling of export goods more flexible policies to shorten the turn around period for ships. As a result, Dalian port handled 21.7 million tons of foreign trade goods including crude oil, refined oil, steel products and grain between January and November this year, an increase of 9.5 percent over the same period last year. [Text] [OW100348 Beijing XINHUA in English 0253 GMT 10 Dec 83]

GENERAL

RENMIN RIBAO ON IMPLEMENTATION OF STATISTICS LAW

HK160551 Beijing RENMIN RIBAO in Chinese 12 Dec 83 p 1

[Editorial: "Seriously Implement the 'Statistics Law' of the PRC"]

[Text] The Third Meeting of the Sixth NPC Standing Committee approved the "Statistics Law of the People's Republic of China" and decided that the law will go into effect as of 1 January 1984. This is an important measure, taken to strengthen China's statistics work and to accelerate its modernization. Its implementation is bound to play a positive role in the cause of socialist modernization as a whole.

Statistics work is an important means by which to understand society and also an effective tool for administering a country, running enterprises and business organizations, and supervising the national economy and social development. Old China was economically and culturally backward and even more so in statistics work. Comrade Mao Zedong said that the young Chinese bourgeoisie had failed to find enough time and was also in no position to provide us with relatively complete or even a minimum of data about social conditions and that we ourselves had to take up the job of collecting data. Since the founding of the PRC, there have been big advances in China's statistics work, thanks to the great efforts of our party and government to attach importance to it. However, it was seriously damaged during the 10 years of internal disorder. Since the 3d Plenary Session of the 11th CPC Central Committee, with things set to right, new advances have been scored and great achievements made in our statistics work.

However, taking it as a whole, China's statistics work at present still cannot meet the needs of the cause of socialist modernization. The purpose of enacting the "Statistics Law" is to help organize statistics work effectively and scientifically, to guarantee its accuracy and timeliness, to develop the important role of statistics in serving and supervising the socialist modernization program, and to provide a legal guarantee for its successful development. Having summed up the positive and negative experiences over the last 34 years, since the founding of the PRC, the "Statistics Law" has enacted clear and specific stipulations for the general task of statistics work, the statistics management system, the modernization of statistics work, the statistical survey plan and the statistics system, the management and promulgation of statistical data, the limits of the

functions and powers of statistics organizations and statisticians, and other important matters relating to statistics work. This is the yardstick by which people engaged in statistics work should abide in the future.

The "Statistics Law" stipulates: "The basic task of statistics work is to conduct statistical surveys and analyses of the national economy and social development to provide statistical information and to exercise statistics supervision." In order to fulfill this task, government organs, mass organizations, enterprises and business organizations, and self-employed individuals must provide statistics to departments concerned in accordance with the "Statistics Law" and other state regulations. Falsification, hiding facts, refusal, delay, fabrication, and misrepresentation are not allowed. Mass self-government organizations at the grassroots level and citizens have an obligation to provide the necessary information for state statistical surveys.

The central issue of statistics legislation is to ensure the accuracy, objectivity, and scientific nature of statistical information. Under the socialist system, the fundamental interests of the state and the people are identical. This provides a fundamental condition for collecting various accurate statistical data. However, in China there still exist contradictions between overall, partial, and individual interests. Therefore, while conducting statistical surveys and exercising statistics supervision, we may discover the phenomenon of some organizations or individuals practicing fraud, out of local and partial or individual interests, in relation to statistics work. Through sticking fast to statistics rules and regulations, such as reporting the situation accurately, some statisticians are even likely to be suppressed and persecuted. In order to avoid and correct these phenomena, the "Statistics Law" stipulates: "The state will establish a centralized statistics system and assume unified leadership over statistics work, while units at various levels will assume responsibility for statistics work at their respective levels." Statistics organs at various levels should use scientific standards and methods in collecting, sorting out, and analyzing statistical data and in making statistical forecasts in accordance with unified planning and requirements. Meanwhile, the "Statistics Law" has also enacted clear and specific stipulations for the institution of the responsibility system in statistics work. Statistics organs and statisticians are obliged to provide departments concerned with accurate statistical data, to fulfill the tasks of statistics work accurately and on time, and to guard state secrets. Leaders of various localities, departments, and units must lead and supervise implementation of the "Statistics Law" and the statistics system by statistic organizations, statisticians, and other personnel concerned, but they must not alter the statistics obtained by statistics organizations and statisticians in accordance with the "Statistics Law" and the statistics system. Statistics organizations and statisticians will conduct independent statistical surveys, make statistical reports, and exercise statistics supervision in accordance with the law and their duties must not be hindered. The "Statistics Law" stipulates punishments for such illegal actions as relatively serious cases of making false reports or hiding facts in reports for statistical surveys. These stipulations are entirely necessary for the party and state in understanding the real situation in the national economy and social development and in fully developing the important role of statistics in serving and supervising the socialist modernization program.

To meet the needs of socialist modernization, efforts to modernize statistics work must be stepped up. The state must accelerate the drive to modernize statistical calculation and data transmission techniques in a planned way. The use of electronic computers in statistics work is a great reform in this regard. Statistical information constitutes the main body of socioeconomic information. We must give priority to arming state statistics organizations in a planned way with modern computing and transmission techniques, gradually institute and perfect a modern state statistical information system, and strive to make the statistical target system complete, to standardize statistics classification and statistics groundwork, to put the work of statistical surveying on a scientific footing, to modernize statistical calculation and data transmission techniques, and to improve the quality of statistics service in a planned and steady manner.

Statistics work provides the party and state with indispensable information and advice in exercising correct leadership over all matters and is an extremely important aspect of groundwork vital to the national economy and the people's livelihood. The vast numbers of comrades engaged in statistics work have conscientiously done a lot of work at their own posts, thus making useful contributions to the socialist modernization program of the motherland. In the future, party and government leading organs at various levels must strengthen leadership over statistics work, augment the building of the ranks of statisticians, vigorously train qualified statisticians, strive to raise the ideological and professional level of statisticians, and ensure the stability of their work.

The promulgation and implementation of the "Statistics Law" is an important step taken to put China's statistics work on a legal basis. All localities, departments, and units must give extensive and thoroughgoing publicity to the "Statistics Law" and strictly abide by and implement it seriously. Leading cadres and statisticians at various levels must set an example in abiding by the "Statistics Law" and ensure that laws are being observed, their enforcement is strict, and lawbreakers are dealt with. With the serious implementation of the "Statistics Law," a new situation is bound to emerge in China's socialist statistics work.

CSO: 4006/196

GENERAL

PRC TO HELP MINORITY AREAS DEVELOP ECONOMY

OW171246 Beijing XINHUA in English 1235 GMT 17 Dec 83

[Text] Beijing, 17 Dec (XINHUA)--China will adopt more flexible policies to help expand the economy of its national minorities areas.

The policies include giving barren hills, slopes and wasteland to commune members to encourage them to plant trees or grass; letting specialised households or groups contract for forest management; letting herdsmen sign contracts on tending flocks of animals; developing cooperative and individual commerce, and developing individually-run transportation; and reducing agricultural taxes on communes or production brigades facing economic difficulties.

These measures were announced here today by Li Ruishan, vice-minister in charge of the State Economic Commission, at a national congress on minority areas.

In his report, the vice-minister said great economic progress had been made in minority areas since 1949, but there were still problems in production and living standards.

The most fundamental way to improve the lives of people in minority areas was to expand production, he said.

With this aim, China should adopt more flexible policies in those areas, continue to adjust the structure of agricultural production, improve all kinds of contract responsibility systems based on family management and develop agriculture, forestry, animal husbandry, sideline occupations and fisheries. Energy, transportation and communications and other industries should also be developed, he said.

Li also urged minority areas to make good use of the funds allocated by the state to them.

China's 55 minority nationalities include 67.23 million people, 6.7 percent of the country's total population.

CSO: 4020/49



GENERAL

#### FIFTY ECONOMIC LAWS, REGULATIONS ENACTED IN 1983

OW180236 Beijing XINHUA in English 0106 GMT 18 Dec 83

[Text] Beijing, 18 Dec (XINHUA)--China has issued some 50 economic laws and regulations in 1983, according to Wang Zhengming, an official of the Economic Legislation Research Center of the State Council.

All were approved by the National People's Congress or its Standing Committee and the State Council. Included are the law on marine traffic safety, law on statistical works and regulations governing city construction planning.

Characteristic of the past year's economic legislation are the laws on rural economic activities, Wang Zhengming said. Eleven specific regulations have been issued to implement the law of the People's Republic of China on economic contracts. These regulations cover mainly rural collective and individual economy, specialized families, individual industrial and commercial undertakings, the purchase and sale of agricultural and sideline products, rural insurance, purchase of vehicle, ships or tractors by individuals or several families together, and the transformation of rural education. The regulations aim at meeting the needs of rapid development of the rural economy and reform of the rural economic system, Wang Zhengming said.

Wang said that the research center had also drafted or revised a number of laws or regulations yet to be issued. They cover such fields as pastures, land, forestry and patents law, as well as some regulations on foreign economic relations, including regulations governing foreign economic trading contracts and management regulations on marine dumping.

Legislation on important economic matters is based on the 1982-1986 economic legislation plan worked out by the center.

According to the plan, some 140 laws and regulations will be issued by the National People's Congress or its Standing Committee and the State Council by the end of 1986. Further specific regulations and local regulations will be issued by departments directly under the State Council and provinces, municipalities and autonomous regions, Wang Zhengming added.

Next year, Wang Zhengming said, the research center would check up on implementation of current laws and regulations to ensure that all departments do work in accordance with the legal system.



## GENERAL

### BRIEFS

**GUANGDONG ECONOMIC TIES EXPANDING**--Guangzhou 28 December (XINHUA)--Guangdong Province in south China contracted with Hong Kong, Macao and foreign countries to undertake 28 projects in the first 10 months of this year. The projects, which involve construction items and labor and technical services, amount to a total of 39.7 million U.S. dollars. A senior economic official said at a reception today that in 1984, Guangdong Province will continue expanding such economic and technical cooperation. Ye Chenghai, chairman of the Board of Directors of the China Guangdong International Economic and Technical Cooperation Corporation, said that the policy of opening to the outside world would continue in the coming year. The native place of Overseas Chinese in their millions, Ye said, Guangdong has widespread contacts with Hong Kong, Macao and foreign countries. In addition, he said, it has abundant labor resources and a strong technical force. Guangdong is one of the areas in China designated to practise special policies for expanding economic relations with foreign countries. [Text] [OW282135 Beijing XINHUA in English 1643 GMT 28 Dec 83]

**BLIZZARDS IN YUNNAN PROVINCE**--Kunming, 30 December (XINHUA)--Snow-bound passenger and freight trains began to move again and communications were partially restored as blizzards continued to rage in parts of Yunnan Province. Factories shutdown by water and electricity cut-offs have resumed production, officials said. Heavy snow hit Kunming, "the city of perpetual spring," and other parts of Yunnan from 27 December to 29 December. The storm cut all communications and halted 23 passenger and freight trains. Streets in the provincial capital were buried under snow 30 centimeters deep and many trees fell, unable to withstand the heavy load. The Kunming Meteorological Bureau said the storm was the heaviest in three decades in this southwest China province, usually known for its mild climate. [Text] [OW300818 Beijing XINHUA in English 0636 GMT 30 Dec 83]

**NEI MONGGOL BROADCAST SERVICE**--Since the 3d Plenary Session of the 11th CPC Central Committee, radio and TV broadcast services have rapidly developed in Nei Monggol Autonomous Region. Now there are 46 radio relay and launching stations across the region and 77 banners, counties and cities can receive radio broadcast well. Still quicker progress has been made in TV broadcast service. So far there are 276 TV launching and relaying stations and the service is available to 55 percent of the region's people. The wire-broadcasting network is also well developed in various banners, counties, and cities. Total length of wire broadcasting lines now has reached 7,300 km. The region has 3.4 million radio sets, 369,400 TV sets, and 870,000 broadcasting megaphones. [Summary] [SK200010 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 18 Dec 83 SK]

PRC ECONOMISTS DISCUSS HONG KONG'S FUTURE

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[Article by staff reporters Xu Minhe [6079 3046 0735] and Chen Lian [7115 5114]: "Talking About Hong Kong After a Trip to Hong Kong--Visiting With Economists Xu Dixin and Qian Junrui"]

[Text] Hong Kong--the sacred territory of China, a pearl on the Nanhai. China has explicitly proclaimed: It will regain its exercise of sovereignty over Hong Kong and will preserve the prosperity and stability of Hong Kong. With the development of Sino-British talks, the Hong Kong issue has drawn the world's attention.

In September, when the economy of Hong Kong was beset with trouble, the renowned economists Xu Dixin, Huan Xiang, Qian Junrui, Yu Guangyuan, and others visited Hong Kong on invitation. During their stay in Hong Kong, they exchanged their views in breadth with people of all walks of life on the current economic situation in Hong Kong, and on how to preserve the prosperity, stability, and development of Hong Kong before and after the year 1997. For various reasons, people are much interested in this visit.

In October, we separately visited Xu Dixin and Qian Junrui, who had returned to Beijing, and asked them to talk about their impressions on their recent trip to Hong Kong; they most happily agreed, as they were just summing up their trip and they had many views to be published.

The Regaining of Sovereignty Is a Matter of Course

The revered Xu is 77, while the revered Qian is 2 years younger. Both of them are quite advanced in age. However, they look fine and are good talkers.

Xu Dixin is a native of Chaozhou of Shantou, Guangdong Province. He is quite familiar with the Hong Kong issue and, in particular, Hong Kong's economic problems. He had been to Hong Kong in the 1920's, after the failure of the great revolution. Between November 1946 and April 1949, he worked in Hong Kong for nearly 3 years, and was quite learned about Hong Kong's economy. In 1978, he went to Hong Kong to teach. This was his fourth visit to Hong Kong. He told us: "I have many friends and relatives in Hong Kong. I have met many of my friends during my recent visit there. Even if I had not been so

busy with my work, I still would not have had enough time just to attend all the invitations to dinner."

Qian Junrui, former director of the institute of World Economy and Politics of the Academy of Social Sciences of China, is now an adviser to the Academy. Hong Kong's position in world economics has tempted him to conduct in-depth research into Hong Kong's economic problems.

They both said upon seeing us that their recent trip to Hong Kong was for the purpose of studying economic problems, and they did not expect to be involved in a debate upon arriving there. The overwhelming majority of people in Hong Kong want China to regain its sovereignty over Hong Kong. Nevertheless, there is a small number of people who are against it, and a debate over the issue took place in our presence. This compelled us to join in the heated debate with these people.

In meeting with British members of the government and the public and people of all strata from Hong Kong and Macao since 1982, the leading members of our state have reaffirmed our persistent stand on the Hong Kong issue, and further expounded our basic principle in solving the Hong Kong issue, mainly: 1) By 1997, we will definitely recover our sovereignty over Hong Kong; 2) After regaining sovereignty over Hong Kong, we will take into full consideration the particular conditions of Hong Kong, and adopt a whole set of particular policies, so as to continue to preserve the stability and prosperity of Hong Kong. These policies include the establishment of a Hong Kong Special Administrative Region, the administration of Hong Kong by a government forced by the local people, no changes in the existing social, economic systems and way of life, and so on.

Xu Dixin said: Of Hong Kong's total population of 5.2 million, over 98 percent are Chinese. From his contact with the people from various quarters of Hong Kong, he feels that most Hong Kong compatriots are patriotic. They generally think it is a matter of course for the Chinese Government to regain sovereignty over Hong Kong and the Chinese people cannot oppose China exercising its sovereignty over Hong Kong again. In addition, the series of policies and principles put forward by the Chinese Government is both practical and realistic, both conforming to the interests of the Hong Kong people and also taking care of the interests of Britain and other countries. In all fairness, they are fair and reasonable.

Qian Junrui said: Fair-minded public opinion in the world and that of far-sighted people in Britain shows understanding and appreciation of the stand and principles adopted by the Chinese Government. Former British Prime Minister Heath has urged the British Government to face reality. Heath said: "Once we have gained an understanding of the reality, we can make the necessary preparations for Hong Kong's future prosperity."

Nevertheless, at a banquet, some one said that China should be required to make a concession on the issue of Hong Kong's sovereignty. The revered Xu brought him to account, saying: "Are you not a Chinese? As a Chinese, why should you demand a concession on the issue of sovereignty on the part of the Chinese people?"

Anyone who should make a concession on the issue of sovereignty will be bringing shame on our ancestors, and a person committing heinous crimes in the eyes of future generations!"

#### The People Suffer From the Drastic Drop of the Hong Kong Dollar

During the nearly 20 days they spent in Hong Kong, the revered Xu and company witnessed all kinds of abnormal phenomena in the tumult of the drastic drop in the exchange value of the Hong Kong dollar. The Hong Kong dollar dropped drastically from over 5, to over 8, and even to over 9 to the U.S. dollar; prices soared, the value of the money in people's pockets grew less several times within 24 hours; and business came to a standstill in many factories and shops, because there were several raises in the prices for imported raw materials. Some foreign banks controlling the economic lifeline of Hong Kong sold the Hong Kong dollar in huge amounts, vying for the U.S. dollar with a view to making profits. Under such situation of confusion, some people created public opinion by saying: The confidence crisis related with the year 1997 led to the drastic drop in the value of the Hong Kong dollar. Through their own observations, Xu Dixin and others arrived at this conclusion: This was because some people at that time were attempting to put pressure on the Chinese Government in this fashion.

At a reception held by the Hong Kong Chinese General Chamber of Commerce, some reporters asked Xu Dixin for his impressions on the drop in the value of the Hong Kong dollar. The revered Xu straightforwardly pointed out: Those who issue the banknotes should be held responsible. Xu Dixin said: "The Hong Kong authorities should be held responsible for the drop in the value of the Hong Kong dollar. The reason is obvious: The government issues banknotes; in terms of accounting, the government is in debt. The issuance of banknotes is like writing an IOU to the people. Therefore, when the government issues banknotes, it must bear responsibility to the people; it should at least preserve the value of the banknote and preserve its purchasing power.

Qian Junrui also analyzed the true cause of the devaluation of the Hong Kong dollar to the reporters, point out: "It takes more than one cold day for the river to freeze 3 feet deep." The long-standing high-prices land policy pursued by the Hong Kong British authorities has resulted in abnormal economic growth, and the long-standing trade deficits, inflation, and the new financial deficit are all the root causes in the weakness of the Hong Kong dollar. However, the fuse that led to the recent drastic drop in the value of the Hong Kong dollar was the abnormal attitude of "nonintervention" adopted by the Hong Kong British authorities. In fact, the Hong Kong British authorities are not genuinely powerless. When there was a Hong Kong dollar crisis in the past, did the Hong Kong British authorities not withdraw the Hong Kong dollar from the Sterling bloc, and link it with the dollar? Later in the dollar crisis, did the Hong Kong British authorities not adopt the measure of floating exchange rate to stabilize the value of the Hong Kong dollar? But why should it have announced "nonintervention" when the Hong Kong dollar was in the recent grave situation? It is the Hong Kong people who have directly suffered from the devaluation of the Hong Kong dollar. With the devaluation of the Hong Kong dollar, the



reputation of the Hong Kong British authorities has also devalued in the eyes of the inhabitants of Hong Kong.

Just as we were interviewing the two economists, the news arrived that the Hong Kong British authorities had adopted two measures to stabilize the value of the Hong Kong dollar--the Hong Kong dollar would be issued at a fixed exchange rate against the U.S. dollar from now on, and new deposits of the Hong Kong dollar would be exempted from withholding tax. Commenting on this, both Xu Dixin and Qian Junrui held: The measures taken by the British authorities in Hong Kong to stabilize the exchange value of the Hong Kong dollar should be welcomed. However, this also showed that those authorities were just stalling when they talked previously about the "impossibility of intervening." The Hong Kong British authorities originally imposed a withholding tax on Hong Kong dollar deposits but not on U.S. dollar deposits; this in fact was discrimination against the Hong Kong dollar, and an unwise method of the Hong Kong British authorities in sabotaging the Hong Kong dollar themselves.

The revered Xu and the revered Qian said that Sino-British relations have been good in recent years, and we attach great importance to developing ties of friendship and cooperation with Britain. So long as the British Government takes a realistic and wise approach, Hong Kong's economy not only can be stabilized, it can also develop. This is beneficial to the more than 5 million people in Hong Kong and also to Britain.

#### Hong Kong Ruled by Hong Kong People, a Bright Prospect

Although Hong Kong is a small place, its economic position is very important. It is one of the Asian-Pacific Region's centers of trade, finance, communications, tourism, and telecommunications. In addition, it is also one of the important light industry bases of this region. At present, the volume of exports in garments, toys, watches, and candles produced by Hong Kong is the largest in the world. At present, there are people who say that the key to Hong Kong's prosperity lies in British rule and who even say that "China will not be able to run Hong Kong's economy."

Qian Junrui held: This runs counter to history and is not in keeping with the actual circumstances. He pointed out: There are many factors for the rapid development of Hong Kong's economy. 1) Hong Kong enjoys an exceptionally advantageous geographical position. It is situated between Southeast Asia, Australia, and Japan. Its climatic condition is mild and it has a spacious and deep harbor. It is by nature a good port, which connects the economies of East and West. 2) Since the 1950's, Hong Kong has always had a peaceful environment for development hence the great influx of capital of Overseas Chinese and other foreign capital. As one of the logistic bases during the Korean and Vietnam wars, it made a great fortune. 3) The Chinese compatriots, who constitute the absolute majority of the citizens, are hard-working, courageous, intelligent, and able people. They are easily adaptable, they are quick to learn new things, and they have high production efficiency. Hong Kong's economic prosperity could not have been achieved without their arduous labor and management. 4) Hong Kong has the mainland at its back. In the more than 30 years since the liberation, the mainland has provided Hong Kong with large quantities of staple and nonstaple food, fresh water, raw industrial materials,

fuel, and so on at preferential prices. This is an important, indispensable factor for Hong Kong's Development. To be sure, the Hong Kong British authorities have done some good things. For example, they have built port facilities, wharves, roads, and telecommunications facilities of quite high quality, and they practice the free port policy. All this plays a certain part in giving impetus to Hong Kong's economy. However, this is not the principal factor. We absolutely cannot put the incidental before the fundamental. In fact, there is another aspect: The mistakes of the Hong Kong British authorities in policies have also brought bad effects on Hong Kong's economy. The high-priced land policy that has caused the devaluation of the Hong Kong dollar can serve as an example. Qian Junrui cited another example, saying: In 1979, some Chinese specialists in Hong Kong made some very good suggestions on the economic development of Hong Kong. For example, the suggestion to develop the electronics industry, the establishment of research centers of science and technology, and research in the development of various industries of concentrated technology and concentrated capitals. They even made concrete planning for the development of the electronics industry, asking the Hong Kong Government to allot HK\$140 million for the realization of the plan. Nevertheless, these suggestions were pigeonholed by the Hong Kong Government, and not a dime was given.

The revered Qian said: The above analysis shows that, after China has recovered its exercise of sovereignty over Hong Kong and practiced the policy of governance of Hong Kong by Hong Kong people, the many factors favorable for Hong Kong's economic growth will not disappear. In addition, by that time, with the progress of the motherland's four modernizations, greater and more vigorous support will be given to Hong Kong's economy, and the abilities and intelligence of Hong Kong will be brought into play to a still greater extent. As a scholar specialized in world economics, Qian Junrui further forecasted: By the 21st century, it is very likely that the center of world economic development will shift from Europe and the United States to the Asian-Pacific region. Hong Kong, situated at the center of this region, will play a very important part in the economic revitalization of the Asian-Pacific region.

Based on his observation, Xu Dixin pointed out: There are indeed plenty of people in Hong Kong who are filled with confidence in the idea of Hong Kong people ruling Hong Kong. In fact, the great majority of people in Hong Kong Government departments doing practical work and administering Hong Kong are local employees, so why do they say that "Hong Kong people cannot rule Hong Kong" in the future? A Hong Kong friend told him that in the future there would be a number of locally born and bred people, and it would be the Hong Kong people who would be responsible for the future administration of Hong Kong. At that time, Hong Kong will retain its existing way of life and social system and its freedom in foreign trade; residents with Hong Kong identity cards and passports will have freedom to come and go, as now, and the economy will continue to open up to the world. It is certain that after 1997 Hong Kong will become an autonomous region [zi zhi di qu [5261 3112 0966 0575]] under Chinese sovereignty, with economic prosperity and international prestige.

Xu Dixin said that this is the view of many people in Hong Kong. It is absolutely untenable to say that British rule is essential for Hong Kong's prosperity.



The two economists also said that there are people among our Hong Kong compatriots who have noticed that we have committed "leftist" errors, in particular the sabotage of Lin Biao and the "gang of four," and, therefore, they are concerned about prospects after 1997. There were also people who said: We are at ease with the present leading members such as Deng Xiaoping, but would there be "changes" after them? The revered Xu said, because of the aforesaid reasons, it is not strange for some people to have such worries. However, so long as we make a clear explanation to them, and present them with facts, such worries can be dispelled. During his stay in Hong Kong, Xu Dixin cited his own example, saying: I myself was thrown into prison for a year during the time of the "gang of four," and was shut in a "cowshed" for 6 years. I suffered a lot, but I am not worrying about a change. This is simply because the Chinese people have suffered; now that order has been brought out of chaos, we will never allow a comeback of such days. The will of 100 million people is the guarantee that the policy of China will remain unchanged. We have before us over 13 years, in which we can accumulate experiences, and perfect the relevant policies and the local system. So long as we do a good job in our work, in time the Hong Kong compatriots will come to believe us more in our policies, and will be more confident in the future of Hong Kong. The future Hong Kong special administrative region will certainly be more prosperous and stable.

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